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## ***CENTRAL EURASIA***



# FBIS Report: Central Eurasia

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11 April 1994

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### Amount of Ukraine's Debts to CIS Countries Detailed

94P50119A Moscow *SEGODNYA* in Russian  
29 Mar 94 p 5

[INTERFAX item: "Ukraine's Debts to the CIS Have Exceeded Three Billion Dollars"]

[Text] The general volume of Ukraine's state foreign debt to the CIS countries as of March 1994 amounted to 3,426 billion dollars [\$]. (Including \$2,703 billion to Russia, \$693 million to Turkmeniya, \$28 million to Moldavia [Moldova] and \$1.3 million to Kazakhstan.) Aleksey Berezhnuy, chief of the department of foreign debt for the Ukrainian Finance Ministry's currency-economic administration, reported this.

He noted that in 1994, according to an intergovernmental agreement, they plan to pay nearly \$1.5 billion (including \$421 million to countries of the far abroad, \$668 million to Russia and \$359 million to Turkmeniya) although at the present time Ukraine does not have available the hard currency funds in the amount which would allow it to service its foreign creditors.

Mr. Berezhnuy remarked that this year payment of the debt to Russia included the basic debt and interest in accordance with an intergovernmental agreement. As regards the debt to Turkmeniya, it is a result of the unbalanced import of energy sources for Ukraine's enterprises and agriculture.

It is expected that by the end of the year the centralized hard currency funds, the amount of which today does not exceed \$1 billion, will increase to \$1.3 billion due to profits from exports according to state contracts. According to forecasts of Ukraine's Ministry of Economics, the general profit from exports will amount to \$20 billion by the end of the year. However, the same amount of expenditures on critical imports is planned (in 1993 Ukraine was able to ensure receipt of only 20 percent of the predicted profits from exports). In the opinion of experts from Ukraine's Ministry of Economics, the debt problem can only be solved after the resumption of trading in freely convertible currency in Ukraine's interbank currency market and the liberalization of foreign economic activity.

According to Mr. Berezhnuy's information, the republic government is currently reviewing a draft Ukrainian-Latvian agreement which is also supposed to determine the amount of Ukrainian debt to Latvia for 1993.

### Differences in CIS Countries' Currency Management Discussed

944E0641A Moscow *KOMMERSANT-DAILY*  
in Russian 19 Mar 94 p 5

[Article by Vyacheslav Sirotkin and Yuriy Kalashnov: "Belarus and Turkmenistan Analyze Ukraine's Experience"; boxed item is commentary of Economic Policy Department]

[Text] Last week the monetary systems of Belarus and Turkmenistan underwent significant adjustments with far from equal implications for local enterprises and their Russian contracting partners. In particular, the decision of the

Government of Turkmenistan to resume the trading sessions in the local currency exchange and to base the official exchange rate of the manat on their results created the prerequisites for a better mechanism of mutual settlements between Turkmen and Russian enterprises. The Belarusian Council of Ministers, on the other hand, had an extremely adverse effect on the infrastructure of mutual settlements. The republic government decided to cover the shortage of currency needed for the repayment of "gas" debts to Russia by instituting the compulsory sale of all of the export receipts (including those in Russian rubles) of Belarusian enterprises directly to the currency reserve of the National Bank. This eliminated the need for trading sessions in the local currency exchange, but on Thursday the decision was amended, although only with respect to joint ventures, non-residents of Belarus, and firms which had deposited foreign currency in their accounts prior to 14 March.

The history of the national currency markets of the former union republics reveals three basic patterns of development, which could be termed "Baltic," "Russian," and "Ukrainian." According to the first, the official exchange rate of the national currency is based on average market indicators and most exchanges of currency take place in the interbank market. The stability of national currency is achieved primarily by means of a stringent monetary policy in this case. The "Russian" pattern of development presupposes a strong connection between the official exchange rate of the national currency and current stock market indicators. The country's main financial agency (the central or national bank) can influence the currency market with slight adjustments by pursuing a policy of strictly scheduled changes in stock exchange quotations. Finally, in the "Ukrainian" example, the seeming stability of the official exchange rate of national currency is achieved by means of flagrant intervention by the national bank or the republic leadership in trading sessions (by setting strict limits, for example, on the rise in rates in a single session or by stopping the session when the rate has reached the necessary level).

The events of last week in the currency markets of Turkmenistan and Belarus revolved around the "Ukrainian" pattern. The Government of Turkmenistan took a discerning view of it and decided that the official exchange rate of the manat, which had been kept stable for almost half a year while market quotations had fallen to less than one-thirtieth of the previous rate, could not enhance the prestige of its currency and resumed the practice of basing the official exchange rate on the results of trading sessions. As a result, the official exchange rates of the manat immediately dropped, from 1.99 to 10.00 manats to the U.S. dollar and from 600 to 170 rubles to the manat. Although there is still a sizable gap between the official exchange rates and the actual market rates, the Turkmen leadership's actions could have positive implications for local and (and this is much more important) Russian financial entities. In particular, the gradual convergence of official and market indicators will do much to simplify mutual settlements between Russian and Turkmen enterprises, which have experienced constant difficulties in defining actual rates of exchange, and the repatriation of profits. If the Turkmen Government allows local banks to conduct settlements through their own



correspondent accounts, the local market could become extremely appealing to the Russian entities.

The Belarusian Council of Ministers, on the other hand, became an involuntary apologist for the "Ukrainian" pattern when it encountered the need to repay its debts to Russia for deliveries of energy resources. It passed decrees to institute the compulsory sale of all of the foreign currency receipts of local enterprises to the National Bank at the official exchange rate. The official exchange rates of the dollar and the Russian ruble were set at 10,200 Belarus rubles to the dollar and 6.61 Belarus rubles to the Russian ruble. It also decided to suspend trading sessions in the local currency exchange. At the last minute, however, the Bank of Belarus amended the council's decision and authorized the sale of foreign currency in the exchange by joint ventures, non-residents of Belarus, and enterprises which had deposited the foreign currency in their accounts prior to 14 March. The Belarusian currency market reacted to this "double move" immediately and unequivocally—the exchange rate of the dollar was set at 17,950 Belarus rubles to the dollar and the rate of the German mark was set at 11,950 Belarus rubles to the mark on Thursday. In this way, the foreign exchange rates of the Belarusian currency fell to half of the rate at the beginning of March. The events in Belarus have already evoked a response from Russia: By the end of the week most of the Russian financial entities specializing in financial transfers within the CIS had dramatically reduced the number of operations with Belarusian contracting partners and had virtually stopped all mutual settlements.

In spite of the similarities between the situation in Belarus and the "Ukrainian" pattern, however, the circumstances in that republic could change in the future. In contrast to Ukraine, where the crisis of non-payments had stabilized the exchange rate of the karbovanets at 25,000-35,000 karbovanets to the dollar virtually without being influenced by the decisions of official government structures, the high level of effective demand in Belarus provides no hope of quick stabilization. Therefore, it probably will be impossible to create even the semblance of government decisions influencing conditions in the currency market. Besides this, the future of the unified ruble zone is still not certain: If the currency systems of Russia and Belarus are merged, the Belarusian market could start developing according to the Russian pattern instead of the "Ukrainian" one.

[Box]

The development of the currency markets in the republics of the former USSR is influenced by internal and external factors. This applies above all to the perturbing effects of Belarusian currency regulation, which have been officially

justified by Minsk's hope of keeping the idea of unification with the Russian monetary system afloat, primarily for the purpose of securing domestic Russian prices for Belarusian consumers of energy resources. The Draconian currency nationalization (the 100-percent compulsory sale of receipts in rubles and in convertible currencies at a clearly unrealistic fixed rate) will urge Belarusian businessmen to move beyond republic borders in mobilizing resources for settlements with Russia's Gazprom Association. According to a statement by Vyacheslav Kebich's press secretary on 15 March, Russia is already willing to lower its gas prices from 80 to 50 dollars for a thousand cubic meters of gas. The same statement included the optimistic comment that the package of unification documents would be signed before the end of this month.

The actual truncation of the currency market in Belarus, however, will postpone the decision on another issue of cardinal importance in connection with monetary unification—the rates for the conversion of the Belarusian clearing rubles and cash rubles into Russian rubles. The preferred Russian option (with consideration for the actual differences between Belarusian cash and non-cash forms of money) is known to be the establishment of a single exchange rate, the average of the non-cash market exchange rate for the dollar and a cash rate based on a coordinated consumer budget. The effective undermining of the Belarusian currency market (only currency deposited in the accounts of exporters prior to 14 March can be sold freely, and this means that the exchange rate in Minsk will be decided by the National Bank of Belarus instead of the currency exchange) leaves room for currency manipulation, which certainly will not be in Russia's interest. There is also a bigger problem. Officials in Minsk are reluctant to admit that the unification of the monetary systems will be meaningless without a unified budget and credit-emission center and, consequently, without the surrender of much of Belarus' sovereignty to Moscow.

#### **CIS Economic Statistics for January 1994 Published**

944E0639A Moscow DELOVOY MIR in Russian  
14-20 Mar 94 pp 10-11

[Report of the Statistical Committee of the Commonwealth of Independent States: "The CIS Countries Economy in January 1994"]

[Text] The trend toward a deepening economic crisis, as registered by last year's results, remains characteristic of most Commonwealth countries at the beginning of the current year as well, which may be seen from the dynamics of the main economic indicators in January 1994 as compared to January and December 1993:

	January 1994, as %					
	net material product	total volume of industrial production	monetary income of the population	monetary expenditures of the population for purchases of goods and services	consumer price index*	retail turnover of officially registered enterprises (in comparable prices)
Azerbaijan						
of January 1993	81.3	88.7	361.5	573.5	980 <sup>1</sup>	67.7
of December 1993	...	62	36.4	55.2	153 <sup>1</sup>	59.9
Armenia						
of January 1993	90.7	...	1,328.6	1,437.4	15,074	40.9
of December 1993	...	...	65.7	168.8	183	55.6
Belarus						
of January 1993	69	62.6	1,480.3	1,643.9	3,189	49.2
of December 1993	...	56	97.1	95.4	139	67.0
Kazakhstan						
of January 1993	76.9	72.1	1,056.3	1,211.5	2,311	60.3
of December 1993	...	76	65.9	127.8	134	67.3
Kyrgyzstan						
of January 1993	59.3	57.4	540.2	565.4	1,401	65.3
of December 1993	...	58	...	...	113	88.3
Moldova						
of January 1993	78.9	80	927.5	1,023.7	1,703	53.2
of December 1993	...	89	...	...	145	39.6
Russia						
of January 1993	80	76.9	967.6	906.0	904	97.1
of December 1993	...	83	83.4	95.3	121	44.9
Tajikistan						
of January 1993	...	94.0	...	...	...	...
of December 1993	...	81	...	...	...	...
Turkmenistan						
of January 1993	89.8	80.7	1,937.1	2,932.0	3,244	93.2
of December 1993	...	87	70.9	188.9	126	59.0
Uzbekistan						
of January 1993	88.9	91.7	12.3 times	12.6 times	1,343 <sup>1</sup>	117.7
of December 1993	...	67	...	...	121 <sup>1</sup>	57.9
Ukraine						
of January 1993	69	67.3	...	...	...	53.8
of December 1993	...	67	...	...	...	79.8

<sup>1</sup> Composite index of retail prices for goods and for-fee services

The volume of production dropped sharply in January of this year as compared to the preceding month. Along with the across-the-board diminished stock of merchandise, monetary emission took place in a number of Commonwealth countries in January. In Belarus the money supply increased 5.7-fold as compared to January of last year; in Kazakhstan—fivefold; and Uzbekistan—17.3-fold. In Russia, 313.5 billion rubles [R] were taken out of circulation, and in Tajikistan—R117.7 billion.

#### Industry

January 1994 is characterized by a further decline of industrial production and rising prices for the sector's output. The data on the change of the total volume of industrial production and enterprises' wholesale prices in the Commonwealth states in January 1994 as compared to January 1993 are shown in the following table (in percents):

	Total volume of production (in comparable prices)	Enterprises' wholesale prices	For reference: January 1993 as % of January 1992	
			total volume of production	enterprises' wholesale prices
Azerbaijan	88.7	1,012	81.2	...
Armenia	...	...	...	1,186
Belarus	62.6	4,094	81.6	1,166
Georgia	29.8	...	...	...
Kazakhstan	72.1	1,454	91.4	2,016
Kyrgyzstan	57.4	1,490	77.3	1,090
Moldova	80	1,709	93.8	868
Russia	76.9	815	78.2	1,075
Tajikistan	94.0	1,362	69.9	1,106
Turkmenistan	80.7	1,576	95.6	1,184
Uzbekistan	91.7	923	93.5	887
Ukraine	67.3	...	94.3	...

The calculations made by the CIS Statistical Committee show that the total volume of industrial production on average in the Commonwealth declined by at least 25 percent as compared to January of last year, and the average production output, adjusted for seasonal factors in production—by 19 percent in January as compared to December of last year.

The indices of the **consumer goods** output in the Commonwealth states are shown below (January 1994 as % of January 1993):

	Consumer goods	Including:				
		foodstuffs	alcoholic beverages	nonfood items	of them, output of	
					light industry	cultural, family, and household goods
Azerbaijan	90	82	161	89	91	89
Armenia	...	...	...	...	...	...
Belarus	69	67	107	67	65	69
Kazakhstan	72	72	69	72	76	69
Kyrgyzstan	55	66	102	47	49	44
Moldova	72	71	85	66	59	73
Russia	73	85	58	65	70	64
Tajikistan	82	72	95	90	85	112
Turkmenistan	91	96	81	92	100.7	60
Uzbekistan	105	102	121	106	107	104
Ukraine	66	77	...	62	...	...
In the CIS on average	72	82	69	66	72	65

In most states, the output of a number of basic varieties of **food processing industry output** has declined. In January 1994 industrial production of meat in Russia and Kazakhstan fell by 24-26 percent as compared to January 1993; in Belarus and Moldova—by 37-40 percent; and in Azerbaijan and Kyrgyzstan—by half. Production of whole milk products fell in Russia and Kazakhstan by 16 percent, Moldova—by 30 percent, and Kyrgyzstan—by half. As compared to January 1993, the output of flour declined in Russia by 18 percent, Belarus and Moldova—by 23 percent,

and Azerbaijan—by 47 percent; of cereals—in Kazakhstan, Moldova, and Russia—by 27-30 percent, and Kyrgyzstan—by 45 percent.

There has been a decline in the production of main varieties of **light industry output**. The data on the changes in their production in January 1994 as compared to January 1993 in the Commonwealth countries are shown in the table (in percents):

	Fabrics—total	Knitwear	Hosiery	Footwear
Azerbaijan	96	122	99.1	98
Armenia	...	...	...	...
Belarus	49	63	63	65
Kazakhstan	67	66	73	71
Kyrgyzstan	31	26	53	43
Moldova	4	26	44	48
Russia	95	72	74	46
Tajikistan	108	107	144	46
Turkmenistan	81	119	96	99.5
Uzbekistan	99.1	108	108	100.7
Ukraine	...	...	...	...

With respect to most **complex home appliances**, production declined (in some instances substantially) in January of this year as compared to last year's January. For instance, the output of washing machines in Moldova dropped by 19 percent, in Belarus—by one-third; and Russia—by 41 percent; of radio receivers—in Belarus by one-quarter, and in Russia—by 56 percent; of television sets—in Russia and Moldova by 10-11 percent, and Belarus—by 22 percent; of tape recorders—in Kyrgyzstan by 26 percent, in Kazakhstan

by 40 percent, in Russia by 49 percent, and in Belarus by 59 percent. At the same time, production of refrigerators and freezers increased in Azerbaijan, Belarus, Moldova, and Russia.

The volume of **electric power** generation fell off in Kazakhstan by 11 percent, and in Belarus by 19 percent.

Production of the main categories of **fuel** in January 1994 in a number of Commonwealth countries is characterized by the following data:

	Oil, including gas condensate		Gas		Coal	
	million tonnes	as % of January 1993	billion cubic meters	as % of January 1993	million tonnes	as % of January 1993
Kazakhstan	1.7	83	0.4	60	9.9	91
Russia	27.5	90	57.2	100.1	25.3	92
Turkmenistan	0.3	84	4.4	64	-	-
Uzbekistan	0.4	134	4.6	108	0.3	135

On average in the Commonwealth, gas production declined by 3 percent, coal by 8 percent, and oil by 10 percent.

Production of finished **rolled ferrous metal** declined in January 1994 as compared with the corresponding month of last year in Russia by 20 percent and in Kazakhstan by 24 percent. The output of steel pipe in Russia declined by about one-half.

There has been a substantial decline as compared to January of last year in **machine building**. The output of metal-cutting machine tools declined in Belarus by 41 percent, and in Russia and Kazakhstan by 47-48 percent. Russia produced 62 percent fewer drop-forge machines. Production of automobiles in Belarus fell by 60 percent; in Russia, the output of trucks fell by 60 percent and of passenger cars by 71 percent. Tractor production declined in Kazakhstan and Belarus by 38-39 percent, and in Russia by 77 percent. Uzbekistan practically ceased to produce them.

The lag in the production of **chemical products** is increasing. In January 1994, the output of mineral fertilizer in Russia dropped by 26 percent, in Uzbekistan by one-third, Belarus by 44 percent, and Kazakhstan by two-thirds. In Russia, production of chemical filament and fiber, as well as of calcinated soda, declined by 46-47 percent, and that of tires declined by 37 percent. Production of synthetic tar and plastics, chemical filament and fiber, and tires dropped by half in Belarus.

In most Commonwealth states there has been a decline in production of **construction materials**. For instance, the output of cement declined by one-third in Uzbekistan, by 40-45 percent in Russia, Kyrgyzstan, and Kazakhstan, and by 57 percent in Belarus.

#### Agriculture

In most Commonwealth states, the **decline in animal husbandry** continued. The herd of all categories of livestock decreased (as of 1 January; thousand head):



	Horned cattle		Including cows		Swine		Sheep and goats	
	1994	as % of 1 January 1993	1994	as % of 1 January 1993	1994	as % of 1 January 1993	1994	as % of 1 January 1993
Belarus	5,350	94	2,199	99.1	4,175	97	319	84
Kazakhstan	9,347	98	3,687	102	2,445	94	34,208	99.4
Kyrgyzstan	1,061	95	509	99	165	67	7,296	83
Russia	48,890	94	19,805	98	28,509	90	43,560	85
Uzbekistan	5,291	100.3	2,258	102	391	74	10,187	99
Ukraine	21,622	96	8,076	100.2	15,262	94	6,841	95

In Russia, the herd of horned cattle decreased over the year by 3.3 million head, swine by 3.0 million, and sheep and goats—by 7.8 million; in Ukraine—by 835,000, 913,000, and 395,000 head, respectively. In Uzbekistan the size of the herd of sheep and goats dropped by almost 1.5 million head, and in Uzbekistan—by 142,000. Herd reductions occurred mainly at agricultural enterprises, while their

number at the population's private plots increased. However, the increased share of herd owned by the population has not made up for its decline at agricultural enterprises. Changes in the size of the livestock herd as of 1 January 1994 as compared to 1 January 1993 at agricultural enterprises and those owned by the population (including private farms) in individual Commonwealth states are characterized by the following data (in percents):

	Horned cattle		Including cows		Swine		Sheep and goats	
	agricultural enterprises	population and private farms	agricultural enterprises	population and private farms	agricultural enterprises	population and private farms	agricultural enterprises	population and private farms
Belarus	93	100.5	98	102	94	103	61	96
Kazakhstan	90	110	96	107	87	113	96	109
Kyrgyzstan	80	107	82	106	62	82	72	97
Russia	90	105	93	107	86	103	79	95
Uzbekistan	96	102	103	102	73	84	95	102
Ukraine	94	106	97	108	89	106	89	114

In January of this year, there was a decline in production of animal husbandry products at agricultural enterprises. At the

same time, in a number of Commonwealth states production of milk and eggs increased as compared to December 1993:

	January 1994 as % of					
	January 1993			December 1993		
	meat	milk	eggs	meat	milk	eggs
Azerbaijan	81	72	55	75	113	83
Armenia	96	61	237	50	100	20
Belarus	63	103	92	94	106	100
Kazakhstan	89	89	95	...	...	...
Kyrgyzstan	82	74	41	50	100	140
Moldova	69	82	51	46	97	107
Russia	81	86	94	72	108	100.2
Tajikistan	77	112	80	67	100	100
Turkmenistan	87	98	100.9	86	88	500
Uzbekistan	94	99.8	98	91	99	100
Ukraine	60	102	83	98	104	104
On average in the CIS	75	91	91	73	100.9	96

In all the states, with the exception of Belarus, Turkmenistan, and Ukraine, cow productivity declined in January of the current year as compared to January 1993. The greatest decline occurred in Azerbaijan—by 14 kg (17 percent),

Kyrgyzstan—by 13 kg (8 percent), and Russia—by 10 kg (by 7 percent). In Turkmenistan, Belarus, and Ukraine the average yield of milk per cow increased over this period by 7 kg (by 4.6 percent).



Over the elapsed month, as compared to January 1993, the volume of sales of animal husbandry products to

procurement organizations (from all categories of farms) has dropped:

	Livestock and poultry (in live weight)		Milk		Eggs	
	thousand tonnes	as % of January 1993	thousand tonnes	as % of January 1993	million units	as % of January 1993
Azerbaijan	2.4	66	8.3	68	3.5	56
Armenia	0.01	fourfold	0.1	65	0.2	-
Belarus	60.9	60	173.5	103	119.9	84
Kazakhstan	55.5	69	75.7	77	84.6	67
Kyrgyzstan	1.4	41	8.7	53	4.0	32
Moldova	2.8	55	27.3	78	9.6	55
Russia	323.4	71	1,040.2	81	1,731.1	94
Tajikistan	0.7	113	5.9	113	3.3	71
Turkmenistan	3.7	93	14.2	97	4.7	78
Uzbekistan	18.2	91	60.3	99	53.3	97
Ukraine	132	51	530	100	257	68
Total CIS	601.0	65	1,944.2	87	2,271.2	88

In most Commonwealth states as of 1 February 1994, the stocks of spring grain crops seed (without corn) were higher than on this date last year; at the same time, the existing stocks do not fully meet the need. In the main potato-growing regions of the Commonwealth, the need for this

crop's seed, although reduced as compared to the past, still is not met by available stocks of planting material. The level of stocks of spring grain crops and potato seed at agricultural enterprises of the Commonwealth states is shown by the following data (in thousands of tonnes):

	Need		Available as of 1 February 1994		
	1993	1994	thousand tonnes	available as of 1 February 1993	need for 1994
<b>Grain and legume crops</b>					
Belarus	371	367	374	100.3	102
Kyrgyzstan	58	75	67	119	89
Moldova	...	...	30	93	...
Russia	10,452	10,424	10,270	98	99
Tajikistan	13	...	10	105	...
Uzbekistan	160	261	253	130	97
Ukraine	1,354	1,340	1,489	100.2	111
<b>Potatoes</b>					
Belarus	1,150	812	816	73	100.5
Kyrgyzstan	60	29	23	100.9	80
Moldova	...	...	4	86	...
Russia	3,475	2,620	2,179	68	83
Tajikistan	36	...	15	99.3	...
Uzbekistan	76	74	64	198	87
Ukraine	1,486	1,317	1,026	77	78

**Transportation**

In January 1994 cargo shipping (loading) at general use railroads amounted to (in millions of tonnes):

	January 1994	January 1994 as % of	
		January 1993	December 1993
Azerbaijan	1.1	70	84
Armenia	0.01	21	20
Belarus	3.8	60	71
Georgia	0.3	96	110
Kazakhstan	14.1	70	90
Kyrgyzstan	0.09	29	62
Moldova	0.4	86	72
Russia	91.5	80	91
Tajikistan	0.07	96	83
Turkmenistan	1.5	102	94
Uzbekistan	4.0	94	91
Ukraine	30.9	67	86
Total CIS	147.8	76	89

In January of this year, 147.8 million tonnes of cargo had been shipped by (loaded at) railroads, or 99 percent of the planned volume declared in shippers' bills of loading.

As compared to last year's January, shipments of bituminous coal declined by 5.6 percent at railroads in Belarus, by 11 percent in Kazakhstan, and by 8.4 percent in Russia; of oil and petroleum products: in Azerbaijan—by 16.6 percent, Belarus—by 35.5 percent, Kazakhstan—by 31.8 percent, and Russia—by 9.5 percent; of ferrous metals: in Belarus—by 51.2 percent, Kazakhstan—by 27.3 percent, Moldova—by 6.7 percent, and Russia—by 22.1 percent; of chemical

and mineral fertilizers: Belarus—by 61.2 percent, Kazakhstan—by 77.5 percent, Russia—by 35 percent; timber: in Belarus—by 14.7 percent, Kazakhstan—by 48.5 percent, Moldova—by 41.2 percent, and Russia—by 35.7 percent; grain and products of milling: in Kazakhstan—by 56.4 percent, and Russia—by 27.1 percent.

**Monetary Income and Expenditures of the Population**

The average nominal wage (including financial aid and social benefits) in January 1994 in the Commonwealth countries was estimated to be as follows (in rubles):

	January 1994	As % of		Minimum wage in January 1994
		January 1993	December 1993	
Azerbaijan	46,000	427	93.9	9,000
Armenia, drams	425	30.7 times	180	110
Belarus <sup>1</sup>	191,000	1,398	106.6	30,000
Kazakhstan, tenge	330	1,365	91.7	29.2
Kyrgyzstan, soms	175	603	93.2	45
Moldova, lei <sup>1</sup>	60	909	61.2	13.5
Russia <sup>1</sup>	158,000	981	99.4	14,600
Tajikistan	25,000	749	68.4	8,000
Turkmenistan, manats	...	...	...	150
Uzbekistan	82,000	1,429	87.0	30,000
Ukraine, karbovantsy	815,338	51.6 times	91.8	60,000

The decline in the rate of nominal wages' growth in January 1994 as compared to the preceding month can be explained by the December accumulation of annual and

quarterly payments (annual bonuses, financial aid, fourth quarter bonuses, length of service bonus, and various social allowances).

The data on the rate of increases in the population's nominal income and consumer prices for goods and services (calculated on the basis of changes in the cost of family consumer basket) are shown below:

	January 1994 in relation to January 1993, factors					Coefficient of anticipatory price increases in relation to increases in			
	consumer prices	per capita monetary income	wages per one working person	pensions	stipends	monetary income of the population	wages	pensions	stipends
Azerbaijan	9.8 <sup>2</sup>	3.6	4.3	3.6	3.0	2.7	2.3	2.7	3.3
Armenia	150.7	13.3	30.7	7.0	12.1	11.3	4.9	21.5	12.5
Belarus	31.9	14.8	14.0	15.0	11.1	2.2	2.3	2.1	2.9
Kazakhstan	23.1	10.6	13.7	6.7	7.3	2.2	1.7	3.5	3.2
Kyrgyzstan	14.0	5.4	6.0	5.6	6.7	2.6	2.3	2.5	2.1
Moldova	17.0	9.3	9.1	7.9	9.9	1.8	1.9	2.1	1.7
Russia	9.0	9.7	9.8	10.7	10.1	0.9	0.9	0.8	0.9
Tajikistan	...	...	7.5	4.0	...	...	...	...	...
Turkmenistan	32.4	19.4	...	41.0	46.9	1.7	...	0.8	0.7
Uzbekistan	13.4 <sup>2</sup>	12.3	14.3	11.6	11.8	1.1	0.9	1.2	1.1
Ukraine	...	...	51.6	...	...	...	...	...	...

<sup>1</sup> Including kolхозes

<sup>2</sup> Composite index of retail prices for goods and for-fee services

### The Consumer Market

Prices for consumer goods continued to rise in January in all Commonwealth states. The greatest rises in the level of

prices in organized trade as compared with December 1993 were registered in Azerbaijan, Armenia, Belarus, Kazakhstan, and Moldova. Changes in retail prices in the Commonwealth countries in January are characterized by the following data:

	January 1994 in relation to	
	January 1993, times	December 1993, in percents
Azerbaijan	8.4	150
Armenia	45.9	152
Belarus	33.7	143
Kazakhstan	22.6	145
Kyrgyzstan	14.2	113
Moldova <sup>1</sup>	16.5	145
Russia <sup>1</sup>	8.0 <sup>*</sup>	117 <sup>*</sup>
Tajikistan	...	...
Turkmenistan	30.0	122
Uzbekistan	11.8	127
Ukraine	64.5	124

<sup>1</sup> Index of consumer prices for goods

Food prices in the stores of Belarus, Kazakhstan, and Azerbaijan went up in January more significantly than those for nonfood items. As compared to December 1993 the price index with respect to food measured at 151-157 percent, while that for nonfood items measured at 129-139 percent. In Russia food prices went up by 21 percent, and those for nonfood items—by 13 percent. At the same time, price increases with respect to nonfood items were steeper than those for food in Armenia, where the former

increased by 88 percent as compared to December of last year, and the latter—by 38 percent; in Uzbekistan—by 31 percent and 23 percent, respectively; and in Moldova—by 49 percent and 42 percent.

Prices for both food and nonfood items increased at approximately the same rate in Turkmenistan (by 21 percent and 23 percent, respectively) and Kyrgyzstan (by 13 percent).

Prices for certain items, especially in the food category, increased at a significantly higher than average rate. For instance, in Kazakhstan, where food prices in January as compared to December of last year increased on average by a factor of 1.6, meat prices increased by a factor of 1.9,

prices for butter, margarine, and milk products—by a factor of 2.1 to 2.5, and eggs—by a factor of 2.9.

Current prices by individual product category in the stores of the capital cities of Commonwealth countries are shown below (per kilogram, liter, 10)<sup>1</sup>:

	Beef		Eggs		Fresh milk		Wheat bread made of premium grade flour	
	as of 12/28/93	as of 02/01/94	as of 12/28/93	as of 02/01/94	as of 12/28/93	as of 02/01/94	as of 12/28/93	as of 02/01/94
Baku, manats	250/2,500	500/5,000	-	350/3,500	40/400	65/650	19/190	20/200
Yerevan, drams	200/3,390	260/4,126	150/2,543	110/1,746	2.75/47	-	0.5/8 <sup>2</sup>	1.5/24 <sup>2</sup>
Minsk, clearing rubles	4,340/803	9,150/2,285	2,470/457	3,000/749	110/20	165/41	510/94	670/167
Almaty, tenge	5.45/970	17.14/2,506	3.0/534	9.6/1,404	0.4/71	1.97/288	0.81/144	0.81/118
Bishkek, soms	5.50/856	7.70/1299	8.25/1,284	10.60/1,789	1.40/218	1.40/236	0.93/145	0.93/157
Chisinau, lei	3.85/1,305	4.80/2,008	3.36/1,1139	3.90/1,632	0.06/20	0.12/50	0.66/224	0.66/276
Moscow, rubles	2,210	2,553	764	1,009	322	458	483	535
Dushanbe, rubles	7,350	3,000	-	3,600	200	210	243	243
Ashgabat, manats	6.00/3,606	6.00/3,606	-	-	0.20/120	0.20/120	0.20/120	0.20/120
Tashkent, sum-coupons	3,000	4,500	-	2,850	200	300	157	157

<sup>1</sup> The numerator shows the prices in the national currency, the denominator—in Russian rubles recalculated at official exchange rates of national banks effective on the date of price registration

<sup>2</sup> By coupons

With food prices rising in the stores of all Commonwealth states (except Uzbekistan), prices for agricultural products also went up at city markets. The differential

between city market prices for foodstuffs and those in retail trade in a number of states are characterized by the following data:

	January 1994 as % of December 1993	
	retail trade	city markets
Azerbaijan	157	161
Armenia	138	108
Belarus	151	152
Kazakhstan	157	139
Kyrgyzstan	113	113
Moldova	142	122
Russia	121	116
Tajikistan	...	...
Turkmenistan	121	149
Uzbekistan	123	91

In practically all Commonwealth countries the physical volume of retail turnover continued to decline in January, while the total value at the same times increased (as a

result of price increases). Below are the data on the retail turnover of officially registered enterprises in January 1994:

	Billion units of national currency, in current prices	In percents of January 1993	
		in current prices	in comparable prices
Azerbaijan, manats	5.19	566	67.7
Armenia, drams	0.20	1,870	40.9
Belarus, clearing rubles	948.3	1,657	49.2
Kazakhstan, tenge	1.09	1,358	60.3
Kyrgyzstan, soms	0.28	835	65.3
Moldova, lei	0.09	975	53.2
Russia, rubles	5,914.6	780	97.1
Tajikistan, rubles	40.9	1,553	...
Turkmenistan, manats	0.33	2,795	93.2
Uzbekistan, sum-coupons	322.3	1,385	117.7
Ukraine, karbovantsy	12,370.0	3,470	53.8

In Russia, the volume of turnover, including that of unregistered trade enterprises, nonorganized import and sales of goods by individuals in free trading, amounted in January 1994 to an estimated R11.5 trillion, which is 8.3 times as much as in January 1993 in current prices and 4.4 percent more in comparable prices.

In most Commonwealth states in January (1 February as compared to 1 January), inventories of goods in the retail trade network increased, calculated on the basis of one-day turnover in January of this year. In Russia as of the beginning of the year, the inventories were sufficient for 36

days of trading, and as of 1 February—47 days; in Azerbaijan, Belarus, Armenia, and Kazakhstan—correspondingly 41-54 days and 59-62 days; in Ukraine—43 and 50; in Uzbekistan—63 and 72 days; and in Turkmenistan—82 and 93 days.

Over the elapsed month as compared to the same period of last year, the physical volume of for-fee services declined in all Commonwealth states, and very significantly, even as compared to the already low level in January 1993. Below are the data on for-fee services provided by officially registered enterprises in the Commonwealth states in January 1994:

	Billion units of national currency, in current prices and rates	In percents of January 1993	
		in current prices	in comparable prices
Azerbaijan, manats	1.14	572	41
Armenia, drams	0.05	2,533	26.0
Belarus, clearing rubles	107.1	1,963	77.2
Kazakhstan, tenge	0.20	2,100	61
Kyrgyzstan, soms	0.03	736	56.2
Moldova, lei	0.02	1,392	63.8
Russia, rubles <sup>1</sup>	700	1,100	52
Tajikistan, rubles	3.5	888	35.9
Turkmenistan, manats	0.02	3,100	63
Uzbekistan, sum-coupons	38.7	1,290	97.0
Ukraine, karbovantsy	4,150.0	3,490	75.8

<sup>1</sup> Including services provided by individuals—R1.2 trillion rubles, or 12 times as much as last year in current prices, or 42 percent below last year's volume in comparable prices.

Over the past two years (January 1994 as compared to January 1992) the physical volume of services rendered to the population by officially registered enterprises in this sphere fell almost by half in Ukraine, declined almost by a factor of three in Russia, fell by about 40 percent in Uzbekistan and Belarus, and declined by almost a factor of four in Kyrgyzstan and Moldova.

Prices and rates for all categories of for-fee services for the population went up in January. As compared to December of last year, they increased most in Armenia (by 172.7 percent) and Azerbaijan (by 66 percent), and the least in Uzbekistan (by 12 percent) and Kyrgyzstan (by 16.1 percent).



Fees for municipal services went up over the month by 3.9 percent in Turkmenistan, by 5.6 percent in Kyrgyzstan, and 4.6-fold in Armenia; passenger transportation rates—by 3.6 percent in Uzbekistan, by 89.0 percent in Moldova, and 2.7-fold in Armenia. The greatest increase of communications services rates in January as compared to last year December occurred in Azerbaijan (by 216.8 percent) and Armenia (by 181.7 percent), and the smallest—in Kazakhstan (by 2.8 percent). Moldova, Turkmenistan, and Uzbekistan kept communications services rates at last December's level.

Fees for attendance of preschool facilities went up in Azerbaijan by 668.3 percent, Armenia—by 300 percent,

Moldova—by 10.2 percent, Turkmenistan—by 15.5 percent, and Uzbekistan—by 16.3 percent.

The cost of a stay in a sanitarium or resort went up by 80.8 percent in Belarus, by 61.5 percent in Kazakhstan, by 56.5 percent in Uzbekistan, and by 13.8 percent in Turkmenistan.

#### The Labor Market

In January, 1.3 million unemployed were registered with employment services of the Commonwealth states, which is 1.5 times as many as during the corresponding period of last year. The dynamics of numbers of those looking for a job through an employment service and their placement in January are characterized by the following data (in thousands persons):

	Number of unemployed at the beginning of January	Registered in January	Placed in jobs in January	Registration terminated in January	Number of unemployed in the end of January	Including: received status of unemployed
<b>Azerbaijan</b>						
1993	32.5	4.8	2.0	...	35.0	6.9
1994	47.3	3.6	1.7	0.4	48.8	20.2
<b>Armenia</b>						
1993	62.2	6.1	0.2	0.3	67.8	61.8
1994	110.2	3.7	0.2	1.0	112.9	104.8
<b>Belarus</b>						
1993	24.0	19.5	5.2	6.9	31.4	31.4
1994	66.3	15.3	5.0	4.2	72.5	72.5
<b>Georgia</b>						
1993	...	...	...	...	93.9	20.5
1994	...	...	...	...	...	...
<b>Kazakhstan</b>						
1993	...	6.2	6.4	...	...	35.6
1994	...	20.7	5.4	...	...	42.9
<b>Kyrgyzstan</b>						
1993	5.5	2.6	0.8	1.3	6.0	1.9
1994	7.8	1.8	0.4	0.9	8.3	3.1
<b>Moldova</b>						
1993	19.0	4.5	0.7	3.1	19.7	14.2
1994	14.1	3.1	0.5	0.9	15.8	15.8
<b>Russia</b>						
1993	983.0	199.0	51.0	102.2	1,028.8	628.0
1994	1,084.5	246.9	54.8	166.8	1,164.6	893.6
<b>Tajikistan</b>						
1993	30.3	2.4	0.6	1.1	31.0	8.6
1994	126.9	5.0	0.7	0.3	130.9	22.7

	Number of unemployed at the beginning of January	Registered in January	Placed in jobs in January	Registration terminated in January	Number of unemployed in the end of January	Including: received status of unemployed
(Continued)						
<b>Turkmenistan</b>						
1993	...	...	...	...	...	...
1994	...	...	...	...	...	...
<b>Uzbekistan</b>						
1993	20.2	14.1	5.4	5.0	23.9	10.8
1994	29.0	14.2	7.7	5.3	30.1	14.2
<b>Ukraine</b>						
1993	...	...	...	...	143.7	73.2
1994	123.4	35.9	12.0	17.3	130.0	87.7

Of the total number of persons who turned to the employment service in search of work, jobs have been found in January 1994: in Azerbaijan—for 3.3 percent (5.4 percent in January 1993); Armenia—0.2 percent (0.3 percent); Belarus—6.12 percent (12.0 percent); Kyrgyzstan—4.2 percent (9.9 percent); Moldova—2.9 percent (3.2 percent); Russia—4.1 percent (4.3 percent); Tajikistan—0.5 percent (1.8 percent); Uzbekistan—17.8 percent (15.7 percent). In Ukraine, jobs were found for 7.5 percent of unemployed.

The diminished proportional share of persons placed in jobs in January 1994 was caused by a decline in requests for workers filed with the employment service: For instance, in Belarus, Kazakhstan, and Kyrgyzstan their number declined by a factor of 1.5; in Moldova—by a factor of 1.2; and in Russia—by a factor of 1.1

The number of those who received the formal status of unemployed increased in Azerbaijan 2.9-fold, in Armenia—1.7-fold, in Belarus—2.3-fold, Kazakhstan and Ukraine—1.2-fold, Kyrgyzstan—1.6-fold, Moldova—1.1-fold, Russia—1.4 fold, and Uzbekistan—1.3-fold.

Conventions used: - phenomenon absent; ... no data (not submitted); \* estimated, calculation.

The CIS Statistical Committee has published an Information Bulletin. In it you will find methodologies for studying socioeconomic processes in the Commonwealth countries.

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**Russian Policies Toward, Interest in Baltics Reviewed**  
 944E0639B Moscow *DELOVOY MIR* in Russian  
 15 Mar 94 p 7

[Article by DELOVOY MIR commentator Vladimir Mekhontsev under the "A Viewpoint" rubric: "The Baltic 'Train' and Russian Interests"]

[Text] No matter from which angle we look at the Baltic question—historic, economic, military-strategic, or geopolitical—one cannot fail to notice the main point: This region represents a zone of vitally important interests for Russia—as well as some for other CIS states, as a matter of fact. Therefore, the three Baltic countries' joining the NATO "Partnership for Peace" program could not fail to affect Russia to some or other extent.

This would all not be so bad had we been dealing with ensuring European (and hence world) security within the framework of CSCE structures, which already have been functioning rather successfully for almost two decades. When, however, certain forces promote the North Atlantic Treaty Organization, with its well-known military might and quite well-defined interests as a guarantor of stability on the continent; when the Baltic countries themselves see their joining the "Partnership" program as a step in the direction of full integration into the NATO structures; when their aspirations find their realization in a complete distancing from Russia—this may not only have a negative effect on our political interests, but may also have an adverse effect on our economy.

And indeed, large ports on the Baltic Sea, oil terminals, transit oil and gas pipelines, huge electrotechnical and transport-building production facilities, which in most instances were built through the efforts of both Russia and the former Union republics, may be placed overnight out of Russia's reach by a nod from a NATO "conductor." The evidence that this is not entirely contrived are the voices sounding even from the State Department of the largest NATO member—the United States. This is what the influential WASHINGTON POST recently wrote, quoting the revelation of an official of the aforementioned organization: "The fight in the economic sphere of Russia will be protracted and difficult. We are resolutely against a Russian sphere of influence; neither do Russia's neighbors want it." And keeping in mind that the Russian leadership has not yet made a decision on whether to participate in the "Partnership," it is easy to understand why Russia reacted with such keen sensitivity to the Baltic countries' joining this program.

**Political Euphoria and Real Difficulties**

Without doubt, for the purpose of realizing their "strategic goals," the Baltics states intend widely to use the potential of international organizations and alliances. That is why joining the "Partnership," seen in this context, did cause a certain surge of political euphoria among the leadership and radically minded population strata of these countries. Nevertheless, one can easily forecast that emotional elation will subside as soon as it encounters economic realities.

First, participation in the program is a rather costly idea. If competent persons in the Baltics do not dare to provide

even the most approximate figures, one may come up with an estimate on the example of Poland, for which its membership in the "Partnership for Peace" will cost \$22 million annually. But this is, so to say, an "external" difficulty. There are also purely internal ones.

The fact that the three republics of the region were for decades a part of the integrated economic system of the former Union; that their production ties had been locked onto partners in other republics (to a considerable extent in the Russian Federation); that their products had been designed for the all-Union market—these and other factors are unlikely to allow for a sufficiently rapid structural restructuring of industry in Lithuania, Latvia, and Estonia in order to redirect it toward Western markets. (And this market, actually, is quite crowded to allow one to quickly find his "niche" in it.) Lithuania's example is indicative in this respect: According to the data of the Lithuanian department of statistics, last year Russia was the destination for 41 percent of its exports, and provided 75.1 percent of its imports. For comparison: Exports to the West accounted to 25.9 percent, and imports—12.7 percent. It is not accidental that the Lithuanian Embassy in Moscow noted that "economic relations and trade involve mainly Russia and the former republics of the Soviet Union."

Another difficulty is the Baltic states' dependence on deliveries of fuels and energy from Russia and some CIS countries. In an attempt to overcome this "difficulty," the Baltic countries undertake various steps and are searching for alternative solutions. The most prominent example of this is the proposed construction of new export-import oil terminals in Lithuanian Butinga and Latvian Liepaja. Besides a purely economic factor (considerable financial expenditures on the actual construction in Butinga or deepening the navigating channel in Liepaja), there are political and ecological factors that may play a negative role.

The point is that a terminal in Butinga, which will have better capabilities than the port of Liepaja to service high-tonnage tankers, has the prospect of becoming completely Lithuanian in the future and presenting serious competition to Liepaja. This must worry the Latvian side, while for Lithuania, according to specialists, "the issue of the terminal is the issue of the survival of its industry." Environmentalists also may take an active stand against the construction of a new terminal in Butinga (practically on the border with Latvia), who believe—and not without good reason—that in the event of any accident at the terminal, the Latvian natural environment will sustain serious damage.

In short, there are more than enough problems. And anyway, it is very difficult to foresee all the difficulties arising along the thorny road of independence. It is much more important, in my opinion, to attempt to understand what Russia will lose in the event of such a decisive turn of the Baltics toward NATO and what needs to be done in order to....

**....Ensure the Russian Interests in the Region**

In the opinion, for instance, of specialists from the Russian Foreign Economic Relations Scientific Research Institute, keeping in mind the difficult financial situation, Russia will not be able to build new ports in the near future. In other

words, we will be forced to seek some sort of compromise to ensure for ourselves a gate to the Baltic Sea.

There also exist certain concerns in the matter of using oil pipelines. Russia already is paying considerable money for each tonne of Russian oil being exported through transit pipelines. It is easy to imagine how dearly a hypothetical increase in the cost of transit will cost Russia.

The question of Kaliningrad Oblast—a "Russian enclave" surrounded at all sides by "abroad"—may flare up in a way painful for Russia. The ink was not dry yet on A. Brazauskas' signature under the agreement of Lithuania joining the "Partnership" when Lithuanian radicals, led by high-ranking members of parliament, began openly to demand seizing Kaliningrad Oblast from Russia and creating on its territory a new state integrated into the structures of Northern Europe.

Of course, to avoid these and many other difficulties in relations with the Baltics, we should have thought of Russian interests considerably earlier. By now many political statements of the Russian leadership are seen, in particular by the press, as attempts to board a train that has already left the station. There is a certain amount of truth to it. Strictly speaking, however, the "train" has just "started off," and Russia still can make it there.

In order to accomplish this, we probably should, while holding a firm political position with respect to vitally important interests of Russia in this region, to more actively use first and foremost economic levers. I do not mean threats to "turn off oil or gas faucets"—for this will only provide a short-term benefit but to a large extent deprive us of a prospect to develop normal relations between Russia and the Baltics. Normal economic relations, however, unrestricted development of business and trade not only on a state level but also on the level of concrete companies and individual producers, will enable us to ensure Russian interests in the Baltics.

In the opinion of specialists from the Russian Federation Ministry of the Economy, the most realistic road is through more active involvement of Russia's business circles in the Baltics; striking root there by creating joint enterprises, buying blocks of stock of large enterprises—in short, using the broadest complex of measures with the aim of developing business and trade-economic ties with Russia. But this cannot be a one-way road. It is necessary to create a system of certain preferences for Baltic business as well. In this respect, the signing and the soonest possible ratification of already existing agreements—for instance, on most-favored trade status—would help a great deal.

Most importantly, Russia needs a clear, centralized policy with respect to its next-door neighbors. People responsible for the conduct of foreign policy and entrepreneurs must walk hand in hand. This two lines should be brought together not in the ministerial sense, but on a much more broad political and practical scale.

### **Russo-Kyrgyz Draft Agreement on Resettlement, Resettlers' Rights**

944Q0274B Moscow ROSSIYSKIYE VESTI in Russian  
10 Mar 94 p 6

[Text of the Draft Agreement Between the Russian Federation Government and the Kyrgyz Republic Government on Regulating the Resettlement Process and Protecting Resettlers' Rights]

[Text] The Russian Federation Government and the Kyrgyz Republic Government, hereinafter called the Signatories, guided by the principles contained in the United Nations' fundamental documents on human rights, based on the provisions of the Treaty on Friendship, Cooperation, and Mutual Aid Between the Russian Federation and the Republic of Kyrgyzstan of 10 June 1992, and proceeding from the desire to define the procedures and conditions for resettling persons as well as the Signatories' mutual obligations to provide assistance in resettling to those persons, have agreed upon the following:

#### **Article 1**

This Agreement applies to persons who are moving from the Russian Federation to the Kyrgyz Republic or from the Kyrgyz Republic to the Russian Federation.

This Agreement applies only once to each resettler.

The Signatories consider any coercion of persons to resettle intolerable.

#### **Article 2**

The terms used in this Agreement have the following meanings:

- a) a "resettler" is a person who voluntarily leaves the state of his permanent residence and moves to a permanent place of residence on the territory of a different state;
- b) "members of the resettler's family" are the wife (or husband), parents, and underage children as well as other relatives or disabled dependents who live with the resettler and keep a common household with him;
- c) the "state of exit" is the former state of permanent residence;
- d) the "state of entry" is the new state of permanent residence.

#### **Article 3**

This Agreement does not apply to the following:

- a) refugees;
- b) migrant workers;
- c) persons convicted of committing a crime who have served the time;
- d) persons whose departure will damage the security of the state of exit, until the circumstances preventing the departure cease to be in effect;



- e) persons whose departure has been postponed until they fulfill property obligations to state, cooperative, public, or other organizations or institutions or private persons;
- f) persons temporarily on the state's territory in connection with studies or private or business trips;
- g) military personnel who are on active military duty and members of their families.

#### Article 4

Permission to resettle is granted to resettlers by the state of exit in accordance with international law norms and its own laws.

#### Article 5

On their territories, the Signatories provide protection of resettlers and members of their families from any actions in the form of violence, threat, or intimidation or other actions based on gender, race, nationality, language, religion or beliefs, political or other views, ethnic or social origin, or economic, property, or family status either on behalf of state officials or on behalf of private persons, groups, public associations, or other organizations.

#### Article 6

The Signatories' migration services offer the resettlers and their families the following essential information:

- a) the content of this Agreement;
- b) their rights and obligations in the state of entry;
- c) conditions of job placement and the possibility of receiving education, vocational training, retraining, and vocational guidance, as well as other conditions of residing in the state of entry (natural-climatic, housing and domestic, sociocultural, and other conditions).

#### Article 7

Resettlers and members of their families have the following rights:

- a) to take out all personal property which they personally own that is declared before they leave the state of exit, with consideration of the restrictions applicable to removing cultural treasures which the laws of the state of exit recognize as national treasures;
- b) to sell or in some other way dispose of property which they personally own and take out of the state of exit or bring into the state of entry the monetary capital received following the announced procedure in any currency and in an unrestricted amount;
- c) to transfer monetary deposits and assets placed in banking institutions of the state of exit to banking institutions of the state of entry;
- d) to leave personal property, real estate, monetary deposits, and assets belonging to them with the rights of ownership on the territory of the state of exit and execute the right of possession, use, and disposal.

The state of exit assumes the expenditures for transferring monetary deposits and assets through banking institutions authorized to do so.

Personal property and real estate may not be alienated by the authorities of the state of exit on the basis of the fact that the owner of it is a person who permanently resides outside the state's borders and is not a citizen of the state of exit.

#### Article 8

The Signatories grant the right of ownership of this property to resettlers who are members of housing, housing construction, dacha, or garage construction cooperatives, orchard and garden partnerships, or other cooperatives who have made their full share contribution for the apartment, dacha, garden shed, garage, or other premises or structure offered to them to use.

In the event the house, dacha, garden shed, or other structure is sold or transferred to another physical or legal person, the right to use the land parcel passes completely to the new owner.

Resettlers are granted the right to pay the share contribution for property offered for use ahead of time and perfect their right of ownership of this property.

#### Article 9

In relation to state, municipal, or departmental housing, the state of exit grants the resettlers and members of their families the right to make deals with physical and legal persons to use the housing occupied by the resettlers.

Capital obtained as a result of the deal is the property of the resettler.

The resettlers realize the possession, use, and disposal of property under their ownership in full.

Civil law disputes regarding property located on the territory of the state of exit between resettlers and members of their families, on the one hand, and concerned persons, on the other, are resolved in a legal proceeding on the territory of the state of exit and in accordance with its laws and this Agreement.

The competent organs of the state of entry consider the decisions of the courts of the state of exit on these disputes to have gone into legal effect, including for the purpose of execution on the territory of the state of entry.

#### Article 10

The Signatories ensure that resettlers and members of their families are exempted from restrictions on the import and export of their personal property (with the exception of objects which are prohibited from being exported by the law of the state of exit and objects prohibited from being imported by the law of the state of entry), customs duties, taxes, and charges related to this.

Monetary capital removed and monetary deposits and assets transferred are exempted from charges and duties, with the exception of those which represent payment for transfer services.



**Article 11**

The state of exit does not prevent resettlers and members of their families from selling or in any other form disposing of housing or other property which they own.

The state of entry provides assistance to resettlers and members of their families in setting themselves up to live in the new place of residence.

The Signatories do not prevent the exchange of housing between resettlers done in accordance with procedures established by the laws of each state.

**Article 12**

The state of entry may set a yearly resettlement quota by which resettlers and members of their families are given permission to move to this state. The sizes of the quotas are determined by the state of entry independently.

The Signatories recognize the right of persons to independently resettle on the territory of one of the states without obtaining permission to move. The provisions of this Agreement do not apply to persons who resettle independently.

**Article 13**

The Signatories entrust coordination of work to resettle persons and monitoring of compliance with this Agreement to the following bodies:

the Russian Signatory charges the Federal Migration Service of Russia with doing so;

the Kyrgyz Signatory charges the Kyrgyz Republic Ministry of Labor and Social Protection with doing so.

**Article 14**

The Signatories may open a migration service office in the Russian Federation or the Kyrgyz Republic, as is appropriate. If necessary, authorized migration service centers of the Signatories may be opened on the territories of both states.

The functions of the migration service offices include the following:

- a) realization of resettlement programs;
- b) annual determination and reconciliation of the Signatories' potential to accept resettlers (formalized by a protocol);
- c) exchange of information and mutual consultations;
- d) proffering of information envisioned in Article 6 of this Agreement to resettlers and members of their families;
- e) registration and rendering of aid to resettlers and members of their families in carrying out the required formalities and procedures related to departure and moving.

**Article 15**

The procedure for resettlers and members of their families to realize rights to social security is regulated by individual agreements.

**Article 16**

In the event the laws of the Russian Federation or the laws of the Kyrgyz Republic envision regulations other than those contained in this Agreement, the norms of this Agreement apply.

**Article 17**

The Signatories may make additions or amendments to this Agreement by signing the appropriate documents, and they will be an inseparable part of this Agreement.

These documents go into effect in the manner envisioned by Article 19 of this Agreement.

**Article 18**

Questions not regulated by the organs indicated in articles 13 and 14 of this Agreement will be resolved through diplomatic channels.

**Article 19**

This Agreement is subject to ratification, goes into effect the day ratification documents are exchanged, and operates for 7 years. The Signatories may extend the period of operation of the Agreement through mutual agreement.

Completed in the city of , 19, in two copies, each one in Russian and in Kyrgyz, each text having the same force.

For the Russian Federation Government

For the Kyrgyz Republic Government

**Decree on Signing Russo-Kyrgyz Resettlement Agreement**

944Q0274A Moscow ROSSIYSKIYE VESTI in Russian  
10 Mar 94 p 6

[Text of the Russian Federation Government Decree No 134 of 24 February 1994 on Signing the Agreement Between the Russian Federation Government and the Kyrgyz Republic Government on Regulating the Resettlement Process and Protecting Resettlers' Rights]

[Text] The Russian Federation Government decrees the following:

Approve the draft submitted by the Federal Migration Service of Russia by agreement with the interested ministries and departments and with preliminary processing with the Kyrgyz Side of the Agreement Between the Russian Federation Government and the Kyrgyz Republic Government on Regulating the Resettlement Process and Protecting the Rights of Resettlers (attached).

Instruct the Federal Migration Service of Russia, upon reaching an understanding with the Kyrgyz Side, to sign this Agreement on behalf of the Russian Federation Government, allowing the making of amendments and additions which are not of a fundamental nature in the attached draft.

Chairman of the Russian Federation Government,  
V. Chernomyrdin

## POLITICAL AFFAIRS

## Justice Minister on Crimea Status

944K1007A Kiev PRAVDA UKRAINY in Russian  
29 Mar 94 pp 1-2

[Interview with Vasil Vasylyovych Onopenko, minister of justice of Ukraine, by Galina Khmylevskaya, KRIMSKAYA SVITLITSYA special correspondent; place and date not given: "Which Way Is the Crimean Peninsula Drifting"]

[Text] On 24 February 1994 the Supreme Council of Ukraine passed a decree "On the Status of the Autonomous Republic of Crimea in Accordance with Legislation of Ukraine. It emphasizes that "the Crimea is an autonomous constituent part of Ukraine and therefore is not a bearer of state sovereignty and cannot enter into political relations with foreign states." The Crimea does not have its own citizenship separate from that of Ukraine. It cannot have its own military formations and its own monetary system.

The Supreme Council of Ukraine proposed that the Crimean leadership bring the legislation of the autonomous republic into conformity with the legislation of Ukraine.

Galina Khmylevskaya, a special correspondent of the KRIMSKAYA SVITLITSYA newspaper, met with Vasil Vasylyovych Onopenko, minister of justice of Ukraine, on the eve of an examination of the Crimean question in parliament. We present the interview with him.

[Khmylevskaya] It is being suggested to Crimeans that supposedly independent Ukraine, in contrast to the Crimea, does not have its own constitution, and that it is therefore living according to the old constitution, specifically the Constitution of the Ukrainian Soviet Socialist Republic. What is this—a propaganda trick? Counting on the people's lack of legal information?

[Onopenko] I am amazed by such a statement. Ukraine has its own constitution—the constitution of an independent, democratic, and rule-of-law state. And this, in particular, is indicated in paragraph 1 of Article 68 of the Constitution of Ukraine and other articles.

[Khmylevskaya] Consequently, owing to amendments that were made, we have a constitution that is new in content...

[Onopenko] Yes, we are living according to the Constitution of Ukraine and not according to that of the Ukrainian Soviet Socialist Republic, as was the case at one time. Dozens of amendments have been made, according to which the Basic Law has been brought into conformity with current requirements.

It is true that there are some old laws that we are compelled to use, inasmuch as Ukraine has not prepared and has not turned out all of the necessary laws. This is so, but the Constitution of Ukraine operates and regulates the basic social processes in the state, in particular, Ukraine's administrative-territorial system as well...

[Khmylevskaya] ...Also establishing the status of the Republic of Crimea?

[Onopenko] In accordance with the Constitution of Ukraine (Article 75 superscript 1), "The Republic of Crimea is a constituent part of Ukraine that must operate on the principles of administrative autonomy." The legal status of the Republic of Crimea is determined not only by this article of the Constitution, but also by other laws, in particular, by the Law of Ukraine of 29 April 1992 "On the Status of the Autonomous Republic of Crimea," and the Law of 30 June 1992 "On Making Changes and Additions to the Law of Ukraine 'On the Status of the Autonomous Republic of Crimea,'" and also the important Law "On Demarcation of Powers between the Organs of State Authority of Ukraine and the Republic of Crimea," etc.

[Khmylevskaya] Thus, no matter what we call ourselves: the Republic of Crimea, or the island state of Crimea, we will still be a constituent part of Ukraine according to its Basic Law?

[Onopenko] Based on the Constitution of Ukraine in effect, this is precisely the case.

[Khmylevskaya] Then why is the "Crimean question" so critical?

[Onopenko] The fact is that the Crimean parliament has adopted many laws that do not agree with the basic laws and the Constitution of Ukraine.

[Khmylevskaya] Can you name them?

[Onopenko] Listing them would take a long time. But some can be mentioned. For example, the Constitution of Ukraine affirms the position on associations of citizens and political parties. This is a constitutional provision. The Constitution of Crimea also has such a concept; moreover, a law has been passed "On Association of Citizens." If you analyze Article 9 concerning the association of citizens, it states that political parties with an all-Ukrainian status can be established on the territory of Ukraine. In the Crimean Law "On Association of Citizens" it is an issue of some other kind of status, specifically—an all-Crimean status... So here is your first contradiction.

[Khmylevskaya] It is this exact contradiction that blocked the path to the Crimean parliament for branches of Ukrainian parties operating on Crimean territory and compelled them to unite into one (but now Crimean) party—the Ukrainian Civic Congress of Crimea [UGKK]. The pro-Ukrainian (ruling) forces were drawn into a registration trap, which made it practically impossible for members of the Ukrainian Civic Congress of Crimea to take part in the elections to the Crimean parliament on party lists. The party was registered a week before the end of the campaign to collect signatures. No opportunities remained. Here is a significant fact for you that indicates in whose favor the contradictions of the Crimean laws are arranged and operate. Obviously, not in favor of the state-creating forces in Ukraine.

[Onopenko] It is a pity, but even the very concept of an international political party or an international public association are treated absolutely differently in the law of

Ukraine and the law of Crimea. After all, an international political party is a party that has its own cells in some other country.

We find another contradiction between the legislation of the Crimea and Ukraine in the law on property, and even in the terminology. In particular, Article 75 of the Constitution of the Republic of Crimea recognizes private, collective, municipal, state, and other property on the territory of the republic. According to the Ukrainian law on property of 7 July 1992, private property and collective and state forms of property exist in Ukraine. That is, there is an incongruity even in this.

The concept of a judicial system is very dear to me. Therefore, in accordance with the Constitution of Ukraine that is in force, and in accordance with the laws on the judicial system and the law on the status of judges, the Supreme Court and the oblast court are elected by the Supreme Council of Ukraine. If you look into the Constitution of Crimea you find one more contradiction that works to weaken Ukrainian statehood: The oblast (now) court of Crimea is elected by the Supreme Council of Crimea. This is a very fundamental divergence, inasmuch as we cannot talk about a single judicial system on the territory of Ukraine, which can lead to very negative consequences.

[Khmilevskaya] Vasyl Vasylyovych, does it not seem to you that after 5 May 1992, when the Constitution of the Republic of Ukraine was adopted, and later its operation was suspended, nevertheless, all actions of the Crimean parliament were openly or in a veiled way directed at separating the Crimea from Ukraine and making it independent?

[Onopenko] You are touching on a very serious problem. Actually, if you analyze some very important acts adopted by the Supreme Council of Crimea (in particular, the "Act on Proclamation of State Independence of the Republic of Crimea" was adopted on 5 May, and later the decree "On the Conduct of an all-Crimean Referendum" and certain other acts), they actually denoted that the process for the legitimate secession of the Crimea from the Ukrainian structure was being started.

[Khmilevskaya] At that time, Kiev reacted...

[Onopenko] Actually, the recent acts of the Supreme Council of the Republic of Crimea associated with the proclamation of state independence and the conduct of an all-Crimean referendum were declared to be contradictory to the Constitution and laws of Ukraine in a decree of the Supreme Council of Ukraine of 13 May 1992. It was recommended to the Supreme Council of Crimea that it revoke the aforementioned acts. Unfortunately, it must be said today that the Supreme Council of Crimea in fact ignored the decision of the Ukrainian parliament and did not revoke its constitutional decisions.

[Khmilevskaya] Who in this situation was supposed to stand guard over the Ukrainian Constitution? Who was supposed to be the supreme observer looking after implementation and observance of the law?

[Onopenko] The best solution for Ukraine would be the establishment of a Constitutional Court whose jurisdiction would include the resolution of precisely such problems and questions. Unfortunately, there is no Constitutional Court in Ukraine yet.

[Khmilevskaya] Who was slow with this? Why did the law on the Constitutional Court not pass?

[Onopenko] You see, it was the Supreme Council that was involved in the discussion of the composition of the Constitutional Court. Incidentally, the proposed standard for the establishment of this court has already been included in the current constitution. Therefore, we have a legal basis for the creation of a Constitutional Court of Ukraine.

[Khmilevskaya] But tell me, who under these conditions is supposed to give an evaluation of the decisions of the Supreme Council of Crimea?

[Onopenko] The Supreme Council of Ukraine was supposed to do this (and it actually did do so). Although a mechanism did not exist for implementing the decree of the Ukrainian parliament about bringing Crimean laws into conformity with Ukrainian laws. Therefore, the decree of the Supreme Council of Ukraine of 13 May 1992 actually remained unfulfilled.

[Khmilevskaya] Of course, this situation could not help but be exploited by those forces that are in power today... It is no secret that five out of six candidates for president ran under the slogans "Crimea in Russia!" and "The Ruble Zone, the Motherland, Russia!" Although purely economic problems here were of no small importance; after all, a crisis has enveloped Ukraine, and the impoverishment of the people is growing. Nevertheless, separatist aspirations played a definite role.

[Onopenko] The situation in Ukraine is really not simple. There are extremely complicated questions of an economic, social, and political nature. We can only ascertain that the people decided precisely in the way that they did decide. Therefore, when it is a question of the will of the people and the actions of one or another leader, one or another person, then I would like to differentiate a little between the will of the people and the responsibility of individual officials for one or another action. People want to live better. Unfortunately, the situation is now such that it is not easy to live in general either in the Crimea or in Ukraine. But when it is a question of citizens of Ukraine who live in the Crimea, individual persons, then we can talk about juridical and, in particular, criminal responsibility, if premeditated actions take place that are associated with changes in the territory of Ukraine or its borders and are aimed at changes in the constitutional system and structure of Ukraine. Criminal proceedings can be instituted here that are envisioned in Article 62 of the Criminal Code of Ukraine.

[Khmilevskaya] It is personally insulting to me that in the course of two years some leaders uttered these criminal slogans at every rally, and one of them even permitted himself to call Ukraine "a neighboring state" at meetings of the Crimean parliament. And official Kiev observed all of this calmly, so no energetic actions were undertaken. Today



these leaders can defend themselves with the will of the people. The situation, as you see, changed. Behind them are the people who gave them their votes, who voted for those slogans which are in themselves criminal to a certain degree.

[Onopenko] You are right in saying that the situation has changed, and that the will of the people is present. But there is also the will of the people of Ukraine. Constitutional principles of an independent Ukraine as a legal democratic state exist. Therefore, here, if we are to conduct a policy with respect to the Crimea, it is impossible to use only legal language from the standpoint of legal norms only. In my opinion, Ukraine should have conducted a more subtle and flexible policy with respect to the Crimea: economic, political, and social. After all, where Ukraine and its state structures did not do enough work, this gap was inevitably filled by someone, which led to those shortcomings that are present now.

As for the responsibility of certain specific persons, including criminal responsibility, I would not want to concentrate attention on this, inasmuch as the question of one or another legal responsibility of each specific person should be resolved only in the established order, and only on the basis of collected evidence can a court declare a specific person guilty of one or another act.

[Khmilevskaya] But if there is no such evidence, then it is also impossible to institute proceedings against one or another person...

Dear Vasyl Vasylyovych, I have already said that the heads of a good half of Crimeans have been zombie-ized or stupefied by the idea that the Crimea is "a separate state" (three years of psychological information "conditioning" have had their effect). This is what people write to me: "When will you finally stop conducting an antistate policy in the Crimea." But I stand on the official position of Ukraine!

[Onopenko] You see, it is necessary to take into account what is put into these concepts. After all, if it is a question of broadening some powers of the Republic of Crimea that are established by its legislative, executive, and judicial organs, then this phenomenon is normal. But if the question concerns additional powers of the Republic of Crimea as an autonomous republic in the structure of Ukraine, then these questions should be resolved on a legal basis. Therefore, if the Republic of Crimea had broader powers for the benefit of the residents of Crimea and in their interests, and I do not rule this out, and, obviously, it will be necessary to take this path, then this is a normal phenomenon. I will say only that everything must occur within the scope of existing legislation and, specifically, the existing legislation that is in effect in Ukraine. If contradictions exist between legislation in effect in the Republic of Crimea and the legislation of Ukraine, then it is necessary to bring Crimean legislation into conformity with Ukrainian laws.

[Khmilevskaya] What will be the attitude toward a Crimean referendum, if one is held?

[Onopenko] I am only the minister of justice of Ukraine, and I cannot give any guarantees, let alone predict how

specifically the state authorities of Ukraine will treat this. This falls in the jurisdiction of the Supreme Council of Ukraine. And it must react in an appropriate way to specific decisions.

But I do know something else. And, unfortunately, I was unable to meet with President of Crimea Yuriy Meshkov when I was in the Crimea recently to review the work of the institutions and organs of justice (we missed each other at the time). I know that he is a lawyer, and I also am a lawyer, and therefore I hope that Yuriy Aleksandrovich, as a responsible person to whom the people entrusted an exceptional amount of authority, and, first and foremost, I emphasize, as a lawyer, he will respect the law and will be guided by the laws of both Ukraine and the Crimea.

[Khmilevskaya] Well, as our great countrywoman said in difficult moments, "contra spem spero!"—"I am hoping against hope!" Thank you for the interview.

### Pragmatism of Donetsk Voters Doubted

944K0999A Lvov POST-POSTUP in Ukrainian No 8, 25-31 Mar 94 p A5

[Article by Olha Burda: "Piemonte May Indeed Not Be...Where They Have Found It"]

[Text] Donetsk—In opening the pages of POST-POSTUP to a debate occasioned by the article of Mariya Kara (POST-POSTUP No. 6, 1994) "Piemonte Appears Not To Be Where They Were Looking for It. It Appears That the Fate of the State Will Be Decided in These Elections by East Ukrainian Pragmatism," the editorial office considers it necessary to comment on the articles published. Having read the article of our Donetsk correspondent Olha Burda on the electoral prospects of the Donbass, which is published below, we did not notice any particular differences between the views of journalists from Lvov and Donetsk on the situation in the Donbass. Incidentally, Mariya Kara wrote her article after a lengthy assignment to Donetsk and Lugansk Oblasts. Apparently the debate was brought on by the title of Mariya Kara's article, which maintains that in these elections the fate of the state will be decided by East Ukrainian pragmatism. In putting this judgment at the beginning of the article, the editorial office has deliberately proceeded to switch that which is desirable for that which is real because it still firmly insists that pro-Russian separatism in that region may only be overcome by East Ukrainian pragmatism. It may be too weak yet, but for now no alternative to it is apparent.

It might be that from the beautiful "far-away" Halychyna it is indeed easier to see the colors with which the steppes of Donetsk shine and play. It might also be that precisely due to its geographic remoteness it is not quite visible that the Donbass is primarily a much more politically aggressive Donetsk area over which a new dawn, most likely that of a red color yet again, will break at any minute. It appears very much as if this region—whose votes brought in Kravchuk for Ukraine and which has helped to form the "group of 239"—has not learned anything anyway, even from its own mistakes. This means that the Donetsk area has a great many prerequisites for arriving at the new parliament on the old Red wagon.



So, about the prerequisites. During the blissful time of stagnation, the Communist Party organization of Donetsk Oblast was inferior only to those of Moscow and Leningrad in terms of numerical strength. Even without joining the imeni Comrade Symonenko Communist Party of Ukraine, the faithful "Leninists" have not disappeared. At present they live here and win victories here—by numerical strength, involvement, discipline, and communist solidarity. Reared by the totalitarian system in the spirit of boundless obedience, they will certainly come to the elections and give their votes in favor of a system under which they had a life and plenty of food and even drink. Likewise, we should not ignore the fact that the Donetsk area is the "richest" in retirees. While for the most part utterly apolitical, they will, after standing in overnight lines for their retirement benefits, turn out for the elections, after all, in order to pragmatically vote...certainly, not for an idea but for the past with the 12 ruble retirement benefits, degrading but stable and delivered to their homes by the state.

Unlike the young people of Halychyna, who are patriotically aware, those in the Donetsk area will simply ignore the next election. It is precisely to the apolitical stance and the "I-don't-give-a-damn" attitudes of old and young people that an oblast referendum which nobody needs apart from Boldyrevs and Gurevychs and a handful of state officials is geared—the referendum on the need to introduce in the territory of Donetsk Oblast and the entire Ukraine the state Russian language along with Ukrainian and to have Ukraine sign the CIS Statute as a full-fledged rather than associate member, as well as on the feasibility of the federal-land arrangement in Ukraine.

Now about the candidates. If we turn to preelection statistics, it is hard not to notice that out of 562 candidates for deputies, 52 are members of the Communist Party of Ukraine and 30 are members of the Socialist Party of Ukraine. However, this is not yet all, because one can have communist views without carrying a party membership card in one's pocket. An analysis of the composition of deputies in just one district by Valentyna Protsenko, chairman of the regional organization of the People's Rukh of Ukraine, testifies to this quite convincingly. In addition to two documented communists and one socialist, the following are running among 14 of her opponents: the former first secretary of the Krasnoarmeysk City Committee of the Communist Party, Vasyl Sapunov, a former employee of the city committee and rayon committee of the party, Oleksandr Denisov, attorney Volodymyr Loban and Prosecutor Leonid Zakharov, who defended and improved the socialist system, and the former leader of the Youth Communist League of the highest rank, Volodymyr Butko, who have been nominated by voters and labor collectives. The independent Yuriy Kotov comes out with an openly communist program, whereas leaders of the Independent Trade Union of Miners engage in propaganda for the former party organizer from the imeni Stakhanov Mine, Volodymyr Ivanov, whom they themselves not so long ago evicted from his party suites. So, the communists are not sitting idly by. Petro Symonenko himself, having moved for the preelection period to the rural Krasnoarmeyskiy District, is confidently forging the future victory. He has a good team of kolkhoz

and rural council chairmen who intimidate people conditioned in the spirit of boundless trust and respect for the bosses with the horrors the Rukh people will commit on coming to power. The prospect of a sausage shortage and a lack of opportunity to steal even a liter of milk from a kolkhoz cow is the most effective. Thus, in the future elections the principle that brought Kravchuk to power will work (especially in rural areas): "The lower strata follow the top echelons," that is, the people will vote for the bosses' candidate.

Readers of POST-POSTUP know enough about the activities of the current and (which is quite possible) future pragmatists from the Donbass—acting Prime Minister Yukhym Zvyahilskyy, Deputy Prime Minister V. Landik, and Chairman of the State Coal Industry Association M. Surhay—in order not to attach to these activities particular hopes for the revival of Ukraine. Seventy-four candidates representing local councils and executive structures and 14 former people's deputies who are running yet again and whose chances are good inspire little optimism on this score. After all, yet another principle can work on which a different segment of the Donbass electorate has already elected Kravchuk at one point—"They already have work experience" (for now, it is not important what kind of experience). The pragmatism of the Donbass rises to its heights in the position of the candidate from the Labor Party, Mykola Azarov, who, not concealing his sympathy for Zhirinovskiy, stated somewhat simply on television that "the LDPR [Liberal Democratic Party of Russia] should be judged by its actions rather than its words." It would be good if after such "actions" someone is still around to judge.

There also are pragmatists of a new type, a small group of entrepreneurs, on the candidate lists. The proletariat of Donetsk is burning with class hatred for some of them, who have gone into business for a short time in order to flee "after reigning for their own 100 rubles-worth." Another segment, those who have gone in whole hog and for a long time to come and can see well beyond their own noses, provokes hatred from another social stratum and risks being shot, as very recently did Valeriy Slyusarev, an entrepreneur from Artem who has invested a fortune in his unfortunate countrymen. In Torez, a person was shot who was supposed to be the campaign agent of entrepreneur Valeriy Nazarov, a candidate for deputy. Although the future indeed belongs to new honest pragmatists, such as Oleksandr Opryshenko (president of the public joint-stock company Medita-Ukrayina), Petro Tsekhmister (director of the Kamyanka Shakhartska private mine), and Stanislav Melnyk (director of the RDK Helso), for now they are too few to influence the overall picture of elections in the Donbass, even if they are elected.

As we try to see the color of the future dawn over the steppes of Donetsk, we should know the colors of candidates from the GKU [Civic Congress of Ukraine], the Slavic Unity Party, the Peasant Party of Ukraine, and the Labor Congress of Ukraine, to say nothing about the socialists-communists. The main point is not to overestimate, after all, the ability of the Donbass electorate to learn from its mistakes, because

regular polling of the residents of Khartsyzsk by a sociological group (over several weeks) has not given grounds for optimism: One-third of the voters will give their votes to communists. Consequently, "although the people of the Donbass are not Korean, they are intimidated by the Rukh people, democrats, and nationalists to such a degree that for another 30 years they will not want to live like people and will firmly stay on the path of Lenin."

### Split Seen in Eastern Ukrainian Ranks

944K0977A Lvov POST-POSTUP in Ukrainian  
17-24 Mar 94 pp 1-2

[Article by Mariya Kara, from Dnepropetrovsk and Lvov: "A Split in 'Russian' Ukraine"]

[Text] At the opening of the second conference of Grynyov and Kuchma's Inter-Regional Reform Bloc (MBR), which took place in the unspeakable stagnation-period splendor of the old Dnepropetrovsk Political Education Building—quietly transformed into a Business Center—two picket lines shivered in their wet snow boots. On one stood three old Bolsheviks and two old Bolshevik women, in ripped shoes and threadbare clothing. Their demands: "Down with the Bourgeoisie, Grynyov, Kuchma and Balashov! Long Live the USSR!" Only two out of the five inscriptions were in Ukrainian. Across the street stood three UNA-UNSO leaders and one person from Rukh. They were equally old and wore similarly shabby clothes. They were in full agreement with part one of the others' slogans, which concerned the bourgeoisie, Grynyov, Kuchma and Balashov, who were here additionally described as 'kikes'. As to point two, concerning the USSR, their point of view was diametrically opposed. The sides could not find a compromise and, in the absence of the 'bourgeoisie' and 'kikes', tediously cursed one another. Before the picket lines was the band of National Guard, cheerfully playing four pieces which included "Higher and Higher," "The Slavic Woman's Farewell" and "Red Cranberry Tree." The "Cranberry Tree" song was played when Grynyov made his appearance, and when Kuchma showed up he was greeted with "Aviator's March." O, Ukraine, the red beet country!

The MBR Grand Ball brought together more than 1,000 people. But the girls manning the tables where delegates from western Ukraine were registered seem unemployed; nor were there many people around tables assigned to central Ukraine. But those for the Left Bank, the South and the Crimea were swarming with people. The proceedings began with the throne speech by Leonid Kuchma. It was convoluted and long. The speaker announced that the process of building a state on national romanticism has been a failure and condemned the "manic reform movement." Then he developed a profound idea that some forces of darkness stuck a wedge between fraternal peoples and "knocked them out of the market". Having declared that the USPP-MBR block is as strong as ever, he offered a three-point program, consisting of stabilization, fundamental restructuring and a geopolitical course toward a union with Russia. Then he discussed regions and a federal structure. At the end, the speaker reassured the audience that "the election is not being left to its own devices." Immediately following was Balashov, the leader of the city's MBR, the

head of the Political Initiative Center and the king of Dnepropetrovsk's pedestrian underpasses, which are filled with his stores. Getting to the heart of the matter off the bat, he declared that the first thing would be to get rid of Kravchuk and to elect a responsible president, and it was obvious who that would be. At that, both Grynyov and Kuchma smiled. After that came the best part. Mr. Balashov spelled out the path of reform. It was a very smart path, since it easily and quickly threw together everything: free circulation of all existing currencies combined with strict controls over the export of resources, a federal system combined with centrally allocated investment funds. At that point my neighbor, a member of the Liberal Democratic Party of Ukraine and a professional economist, turned very pale and inquired of no one in particular: "Lord, what is this nonsense?"

Then there was the usual: one speaker after another chewed over the few general ideas. Primarily, these were a federal structure, the introduction of Russian as a second state language and, of course, an "economic and political union" with Russia. They mentioned that union so often that our picket lines at the Supreme Council could easily have competed with them. The intensity of their wish for a union seemed to match Galicia's bitter hatred of it. Another theme was the need to kick out Kravchuk and to get in "our" president, with every third speaker complaining that the party in power would sabotage the elections and then introduce presidential rule. Blessing the podium with his presence was a special guest, a people's deputy to the Russian Duma, the head of the Budget and Planning Commission, who touchingly addressed the meeting as Brothers and immediately stated that "it is not the people who have decided to draw borders." Judging by the reaction in the audience, the portion of the people who gathered there in fact did not like borders.

Among other things, speakers proposed to transform the MBR into a party. Volodymyr Filenko, the PDVU leader, showed himself in the best light by announcing that he was ready to build such a party along with everybody else. Well, he is an experienced fellow: having built two parties already, the PDVU and the New Ukraine, he has not tired of it yet.

But the strangest thing was that this glorious bloc of reformers said almost nothing about the economy. There were some vague statements about the market for land and even more vague ones about privatization, but nothing concrete. In Galicia, it is our habit to criticize our dear National Democrats for their insufficiently developed economic programs. But life can be understood only by comparison. I suddenly realized that next to the MBR conference, Pynzenchuk, Chernyak, Shandryuk and Zlupko together with Pylypchuk, and even our oblast assemblage of Rukh, URP and New Wave adherents, are a veritable economic academy. The only person who disturbed the calm and quickly became distasteful to the high and mighty Grynyov-Kuchma gathering was Serbin, the construction minister, who began to introduce overly concrete proposals on the economy, infusing a dissonant note into the proceedings. He left the podium amidst sarcastic silence.

At the end of two sittings the situation was sufficiently clarified. Mr. Grynyov moved that candidates for deputies sign forms declaring that they represented the MBR, which was a type of pledge which carried all of the bloc's principles on the obverse. There were some arguments about them: apparently, disagreement centered on the formulation "demanding a federal-regional structure for Ukraine." But everyone wanted bilingualism, and immediately. As to the Union, everything went smoothly in this area. The same was true about the economy; apparently, no one even bothered to read that part.

Adventures started only during the press conference. Responding to questions, Kuchma ardently defended federalism and the regions, but then suddenly declared that he did not like the regional economic experiment in the Donetsk-Dniestr region. After that, following half an hour of holding forth by Grynyov about the market for land and private land ownership, it turned out that Kuchma believes that the most promising economic structure in agriculture is the kolkhoz. Things got even more jolly when Grynyov and Kuchma were asked who of the two of them would be president. To this, Volodymyr Borysovych replied that they might find a third and split it three ways. In the presidium, there was a third man, Balashov, the king of pedestrian underpasses, and this suggestion caused much hilarity in the audience; it only grew when Balashov, the number one specialist in buying and selling issues, began to hold forth about the importance of the producer. A healthy journalistic laughter greeted Leonid Kuchma's reaction to the question about the connection between the MBR and the Civic Congress. To his credit, Leonid Danylovych found no appropriate lie but blushed and muttered: "Yes." It is always a pleasure to see a real person, especially if it is your fellow-Ukrainian, suffering from a desperate case of the "little brother" syndrome.

Emboldened, we too asked Grynyov whether he understands that the MBR's platform starts an open conflict in Ukraine. I hope that Volodymyr Borysovych will forgive me, but his response was like a hedgehog in the fog: in general, he fears confrontation, but sticks a conflict on the outside.

It is not difficult to sum up the second MBR conference. A force representing western and southern Ukraine, and partially the Center and the Trans-Carpathian region, has been formally organized and will take the field before 1 December. It functions much more elegantly than the crude Bloc-239, and in general it is much better packaged. These are no odious Commies but very polite gentlemen. They all have education, money and image. They are the old economic bosses and other nomenklatura, of course, but in the past four years the old first, second and even third party secretaries and their entourage have become completely acceptable pros, now labeled as pragmatic reformers, bankers and entrepreneurs. The dream candidates for the Russified East.

Perhaps the reader already feels horrified and is getting ready for a military confrontation on the banks of the Zbruch. But let us not rush, since I have saved the best for last. The most interesting thing about the MBR gathering

was not who was there but who was not. Thus, there was not a single person from Markulov's Liberal Party, which has considerable influence in Donetsk. There was no one from the Liberal Democratic Party of Ukraine, which is very popular around Kharkov. There was Retelnish, but as an observer; they summed up the event laconically as a "gathering of the political dead." There were no regional PDVU organizations from Odessa, Lugansk, western Ukraine and many central oblasts. More than a dozen of regional civic organizations from the South and East were missing, ranging from the Kharkov Professional Union to the Odessa Forum, which are very influential in their own oblasts. The Constitutional Democrats and many others were absent, as well. Dnepropetrovsk's major powers that be, their highnesses the directors, were not present. I purposefully go through the entire Russian-speaking political spectrum of the East and South, without mentioning an Ukrainian-speaking parties, centrists or rightists; let us be realistic, they are rather weak there. Finally, ABSENT was the uncrowned king of Russian-speaking free-market reformers of Ukraine and the god of the liberal camp, Volodymyr Lanovoy.

Their absence is very telling. It indicates a process that has been going on quietly for three years. The Russified East has split in two. Some, although continuing to insist on their Russian language and even ethnicity, no longer want to joint the one indivisible Mother-Russia. The problem is that the dear land stinks: it has Zhirinovskiy, chaos and confusion. It also likes to pick others' pockets, which nobody likes. So they worry about facing a home-grown Karabakh and want no federations or unions. At the most, they want a supply of concrete inputs for their factories. A stamp in the passport and Ukraine citizenship are gradually becoming a reality for them. It is interesting that the Russian-speaking intellectual elites have joined this camp.

Meanwhile, our dear nomenklatura, true to form, is marching toward its coveted Russian shore, which is natural: folks of their own kind are there, perhaps turned from red to white, pink and even crimson, but their own kind none the less.

## ECONOMIC AFFAIRS

### Edict on Strengthening Economic Foundations of Self-Government in Ukrainian Cities

944K1008A Kiev HOLOS UKRAYINY in Ukrainian  
26 Mar 94 p 10

[Edict issued by Leonid Kravchuk, president of Ukraine, on 12 March 1994 at Kiev: "On Strengthening the Economic Foundations of Self-Government in Ukrainian Cities"]

[Text] In order to strengthen the economic foundations of self-government in Ukrainian cities and to utilize to purposeful advantage the facilities of the socioeconomic infrastructure, I hereby decree the following:

1. It shall be established that property which provides for and ensures the common socioeconomic needs of the population living in the cities involved must be included in the communal ownership of these Ukrainian cities, and this shall be done in the following spheres:



- housing and municipal utilities;
  - everyday services and public food services;
  - the urban street system;
  - urban transport;
  - lighting;
  - culture, physical education, and sports;
  - health care;
  - social security.
2. The Ukrainian Cabinet of Ministers shall undertake the following tasks:
    - draw up within a two-month time period, based on proposals from the local organs of self-government, as agreed-upon with the central organs of that state executive branch of government which is fully empowered to handle the property that remains under general state ownership, a list of facilities which shall be subject to general state ownership, and which shall be transferred to ownership by the cities involved;
    - carry out prior to 1 July 1994 the transfer of facilities in accordance with the list designated in Paragraph 2 of the present article to ownership by those Ukrainian cities which are oblast centers, and—prior to 1 September 1994—to ownership by other cities under oblast administration.
  3. It shall be recommended to the oblast-level councils of people's deputies that they transfer to ownership by cities that property designated in Article 1 of the present Edict which remains under ownership by the oblasts involved.

[Signed] L. Kravchuk, president of Ukraine  
Kiev, 12 March 1994

### **Chemical Industry Restructuring Viewed**

944K0973A Kiev PRAVDA UKRAINY in Russian  
25 Mar 94 p 2

[Interview with Vladimir Stanislavovich Novitsky, Ukrainian first deputy minister of industry, by Natalya Svichkolap; date and place not given: "The Chemical Industry Workers' Disorganized Present; They Are Unraveling the 'Gordian Knots' of Accumulated Problems and Making Plans for Tomorrow and...for the Period up to the End of the Century"]

[Text] In the heat of ambition and the triumphal "funeral service" for the old order, we almost threw another baby out with the bath water, confusing the Western economists who could not understand why we are so averse to planning. Without plans, after all, we cannot make our way through the thickets of the market, and regardless of how allergic a certain segment of our population might be to the very word "plan," the facts are these: No enterprise or industry in the West can even consider its future existence without forecasts. In addition, there is also short-term, medium-term, and strategic planning—for 10-20 years in advance.

Today in our country, God himself has commanded us to shape up, as the saying goes. Let us take a look at the chemical complex, for example. No branch of the national economy can develop without the use of modern chemical products. Incidentally, for the sake of comparison, their share of the total industrial product is 12 percent in Germany and 9 percent in the United States, but in our country the figure decreased by 20 percent in the last four years and now amounts to 5.1 percent. The present structure of the Ukrainian chemical industry as a whole does not meet modern requirements and cannot satisfy the country's needs. The reasons are well-known: Just a few years ago our chemical complex was part of the union complex, with quite intense cooperation by enterprises. Today we are disentangling ourselves from this interdependence, but we do not have the raw materials for the production of several important commodities (we receive 80 percent of them from Russia), and we are not producing some of the main basic resources—rubber, styrene, aniline, and others. We are also feeling the effects of disparate technological goals, the low percentage of state-of-the-art technologies and production units, the considerable depreciation of fixed assets (up to 60 percent), and the obsolete technology.

That is why structural changes in the chemical complex have to be considered now. What will the Ukrainian chemical industry look like in the near future? The editors asked Ukrainian First Deputy Minister of Industry V.S. Novitsky to answer this question and several others.

[Svichkolap] Vladimir Stanislavovich, now that actual events are surpassing all expectations, and now that any kind of reform can be expected at any time, I think that one of the things we have to do is express our appreciation for the courage of the people who are deciding the development strategy for the chemical complex. Please tell us how this massive task began.

[Novitsky] There is no question that we are living in a difficult time, but you will agree that any system has to make plans and predictions and evaluate its own performance before it can develop. A complex as huge as the chemical industry naturally requires the best possible development model and a corresponding program of action. We began by analyzing the degree to which our industry can meet our country's need for chemical products. We learned that we are satisfying some of the national economy's requirements—for nitrogen fertilizer, for example. On the other hand, we are not producing some extremely necessary products. Our analysis indicated gaps in technological chains: We have the raw materials and the final products, but the semimanufactured products are in other CIS countries. We calculated how much of each of these products we need and where the gaps in the chains have to be repaired and now we will start building the kind of structure that will satisfy all of our country's needs. We are certain that the chemical complex will recover all foreign currency investments.

[Svichkolap] That is a bold prediction in view of today's deficit in the balance of exports and imports.

[Novitsky] Yes, but one of our primary objectives is a positive balance, and one of the main ways of achieving this



will entail energy conservation. We are lagging far behind the Western countries in this respect.

[Svichkolap] There are so many different methods of industrial restructuring in world experience, some of which have gone so far as to suspend the operations of selected facilities and eliminate whole industries. Which method have you chosen?

[Novitsky] Our plans for the development of the chemical complex include fundamental strategic guidelines, and we have drawn up a program of action on this basis. It stipulates the main stages of the process, the cost of carrying out each stage, and the deadlines for the completion of the work. This, however, does not mean that we will not be making adjustments as time goes on. We can expect changes in the economy, in our approaches, and in the prices of energy resources and many types of raw materials. We can adjust to all of these circumstances.

The process of restructuring in the Western countries occurred back in the 1960s when there was an abundant supply of chemical products. We, on the other hand, are experiencing shortages of almost everything. This is why we are taking a different approach: Although the whole chemical complex is slated for dynamic development, we will make a more intense effort in some areas. The operations of whole production units could have been halted in those areas, but we do not need this, even though we might have some excess capacities for the production of ammonia and nitrogen fertilizers today. These are among Ukraine's main exports.

It is true that the current prices of natural gas virtually preclude the profitable, and even lucrative, export of products. For this reason, one of our main objectives today is the reduction of the energy and material requirements of our production units. We drew up a program for this purpose, and it is already being implemented. Ammonia production units, for example, are being modernized, and this project will do much to reduce proportional expenditures of natural gas and other resources and thereby lower the overhead costs of production.

The program envisages the extraction and processing of four to five times as much potassium ore, the development of phosphorite deposits, the stabilization of the sulfur output, and the development of new lime deposits. For the time being, however, Ukraine's need for phosphorus fertilizers can be satisfied only with the use of phosphorus raw materials from Russia.

[Svichkolap] Yes, but for several well-known reasons our relations with Russia are regrettably "thorny." We live in a dynamic world, however, and if we are having difficulty acquiring raw materials from Russia, why not buy them from, for instance, the countries of Northwest Africa?

[Novitsky] At this time the shipments of apatite from the Kola Peninsula are the most preferable option from the economic standpoint. The African phosphorites are inferior in quality and are not any cheaper. Even this option has been considered, however, and can be employed at any time.

Now we have begun producing phosphorus fertilizers. We will need around 600,000 tonnes of apatite by the spring sowing season to satisfy the needs of agriculture. If our enterprises work constantly, without any interruptions, we expect to satisfy minimum agricultural requirements.

A big conference of the heads of oblast organizations of the Ministry of Agriculture and the managers of Ministry of Industry enterprises was held a few days ago. We reached an agreement on the whole group of issues connected with fertilizer supplies.

[Svichkolap] Vladimir Stanislavovich, at the last meeting of the Union of Industrialists and Entrepreneurs, the director complained that Ukrainian enterprises are selling materials and products at prices exceeding world prices within our country and at one-third to one-fourth the cost abroad. Does this apply to the chemical complex as well?

[Novitsky] I have to admit that I do not know exactly what he was talking about. We do have problems of competitiveness with some of the products of the chemical industry. In other words, our expenditures are sometimes higher than the world prices of these products. We are essentially selling carbamide and ammonia at a zero profit margin, for example, but only at the present exchange rate of the dollar. The official exchange rate of the dollar to the karbovanets today is not an accurate reflection of their value and is a problem throughout industry. The exchange rate is obviously too low for the exporter. Here is the situation: It is best for the exporter to have the highest possible exchange rate, but the importer who buys raw materials would prefer the opposite—a lower exchange rate. We need a comprehensive assessment of this situation, and we certainly need the regulation of the rate, even if the state has to become involved in this. The rate has to change in response to changes in the economic and financial situation. Otherwise, we run the risk of misalignment. An exchange rate that is too low discourages exports, and the consequences can be quite severe: We will lose the market. If our products are not there, the vacuum will be filled quickly by another supplier, and then it will be extremely difficult to break into the market again. This calls for a balanced and reasonable approach, so that we do not put too much pressure on our own exporters or on the producers using imported raw materials. This is done in the stock exchange in every other country, but our situation is more complex. That is why we cannot get along without government regulation.

[Svichkolap] Any plan can be implemented when enterprises are operating and science is making progress, but our country is in a pitiful state. How will it be possible to act on even the best intentions when everyone here is insolvent?

[Novitsky] You are right. This is a difficult situation. Science has suffered most of all. The cost of maintaining project planning and research institutes and design bureaus has risen, but the need for scientific and products (however paradoxical this might sound) has decreased. There is not enough working capital to pay for contracted projects. We are trying to find a solution. We set up innovation and economic regulation funds. They are being used to finance the scientific and technical programs of institutes. These

funds are understandably inadequate. The institutes are working directly with enterprises, but even these possibilities are limited because the enterprises are also suffering from a shortage of funds.

As far as the general situation in the chemical complex is concerned, it was always difficult even in the past. It became critical, however, in the first months of this year. The abrupt rise in energy prices literally drove the enterprises to their knees, and this was followed by a period of sharp cuts in gas shipments, when we had to suspend continuous production processes. Now they are being started up again. Officials in Moscow have agreed to continue shipping gas to us in the same quantities as before until 11 April and to make up for 80 percent of the gas shipments we are not getting from Turkmenistan.

We are still racking our brains, however, over the two main shortages—of working capital and hard currency. The shortage of hard currency could be alleviated by increasing exports and reducing imports, but the reduction of imports would presuppose the production of the same goods in our country or the reduced consumption of some imports. This would call for efforts in many different areas. As far as working capital is concerned, we have calculated that the shortage of working capital at enterprises of the Ministry of Industry exceeds 10 trillion karbovantsy. Under these conditions, even successful enterprises will be bankrupted by the next rise in prices. It is understandable, therefore, that the problem of supplementing our working capital must be solved on the governmental level, perhaps not in its entirety, but at least for 70 percent of the total amount required. Otherwise, the shortage of working capital will result in the instability of all industry.

[Svichkolap] Do you believe that structural changes in the chemical complex can make a difference even in this "overheated" economy?

[Novitsky] I am certain that Ukraine is not suffering from a terminal illness. We have enough intelligent minds, working hands, undeveloped mineral deposits, and the wish to make our country rich. We have the potential to satisfy light industry's need for chemical fibers and filaments and to develop the aniline dye industry. The program envisages a considerable increase in the output of plastic and synthetic resins (steps have already been taken to remodel some production units and build some new ones). We plan to modernize and augment our capacities for the production of household chemicals, the active base of medications, and superpure substances for radioelectronics. Our plans also assign special priority to the environment.

In conclusion, I want to say that the work on the program will achieve the restructuring of the chemical complex, fill the market with new chemical products, secure the steady work of enterprises, minimize the dependence of this work on shipments of raw materials and semimanufactured products from the CIS countries and distant foreign countries, reduce energy consumption considerably, and result in a positive export-import balance by the year 2000.

### Plight of Ukrainian Workers in Russia Viewed

944K0975A Kiev NEZAVISIMOST in Russian 25 Mar 94 p 4

[Article by Viktor Andreyev: "Kravchuk Remains Silent About Us..."]

[Text]

### The Situation

Features in the portrait of Pasha—the new migrant worker and strikebreaker

"I sold myself for rubles"—my casual fellow-traveler uttered this phrase on the train with cheerful defiance and slyness. The word "myself" here has significance—for Pasha, a young miner from Sverdlovsk in Lugansk Oblast, did not bring Ukrainian sausage to Russia, but his own hands... Foreign workers and migrant workers, just like the problems associated with them, have existed for a long time and continue to exist. For us, both more or less free movement and the "fresh" state borders are a new phenomenon. I was interested in this firsthand information. After all, it is not a question of a single incident but of a system.

Miners from Ukrainian border towns are applying as whole crews to work in Russia's mines. No, there are no recruiters coming here (in any case, not widely), and they are not spending time on persuasion. The ruble is sufficient agitation; that is, its real purchasing power in Russia and the appreciable difference in the rate of exchange, which in Ukraine makes it possible for owners of rubles to feel more like a white person. And in the meantime our economy will remain a pathetic cripple—we will serve on a level with third world countries as a source of cheap manpower.

Why cheap? No, it has not yet reached the point of paying Ukrainian miners lower rates. The advantage is in something else. The more Ukrainian crews there are in Russian mines, the more stability there is, according to the employers. Since the ruble is worth more for us, less rubles are required: Ukrainian crews do not intend to strike, and do not demand wage increases, in contrast to their Russian colleagues. The presence of strike-breakers (it is called precisely that), naturally, assuages the appetites of the locals. But the strike-breakers, as is known, are not liked... Pasha agrees with this claim. There have been no disputes yet at the mine where he worked. But neighboring Ukrainians are beginning to be persecuted a little; for example, time after time their clothes are cut up when they leave them in the changing room.

From the standpoint of civilized state concepts, Pasha and his comrades live a strange life at the coal face. Twice a day, before the start and at the end of a shift, they cross the state border. And, therefore, is it possible, strictly speaking, to apply the term "migrant worker" to them? A migrant worker, after all, is a temporary or a permanent emigrant. That is, by transporting his manpower across the border, he is also transporting the problems associated with the establishment of an infrastructure that is necessary for his residency, medical treatment, cultural relaxation, and education and preschool instruction for his children. In our case,

Ukraine is being transformed into a weekend bedroom area. But the taxes, which are obliged to go to maintain and develop the infrastructure, remain in Russia.

It is a strange life. Not only with regard to these global and state problems, which Pasha came to generate without realizing it. This is his daily life. After all, a person, no matter what level of social consciousness he finds himself, is a political subject of his own country. Pasha has no country. In no case professing deliberate anti-Ukrainian attitudes, when talking about prices or the possibility of buying one or another commodity he absolutely sincerely says about Russia "in our country," and about Ukraine—"in your country." After all, when you calculate it, he spends a large part of his time abroad. Pasha could not answer when the next elections will be held in Ukraine. In addition, as you know, he has not been deprived of his right to vote. Some homebred migrant workers skip voting, thereby helping "the party in power" to wreck the elections. But some... (For whom will those of them who come to the ballot box nevertheless vote?)

It also should not be claimed that, in the person of Pasha's colleagues, Russia has acquired conscientious supporters with some kind of political course of their own. Except... "Everyone in our mine is for Zhirinovskiy," Pasha told me, without explaining very distinctly precisely why. He considers Yeltsin to be a Mason. Pasha does not know just what a "Mason" is, and he does not use this term beratingly, but simply thinks it is a sign of some kind of force. He has an even more original opinion about all the rest of the Russian authorities. Blushing in a youthful way, Pasha put it this way: "You understand, they all love men more."

He reports all these "secrets" with good-natured indifference. Neither Yeltsin nor any other Russian powers that be prevent Pasha from earning the rubles that are so necessary. He heard that starting this year the Russian Government is imposing some kind of additional tax on mines that employ foreign manpower. (This is quite logical; after all, emigrants take jobs from Russian citizens.) Pasha feels the same indifference toward the president of his own country—he does not want to either support or reelect him. He also does not associate his daily problems with him and with possible changes in Ukrainian policy: "Kravchuk generally remains silent about us."

The buses sent by Russian mines go through two customs points each shift (a deduction is made from the Ukrainian miners' wages for this service, but the work is profitable, nonetheless). Customs officials are convinced that they are not dealing with profiteers or shifty traders: "What do we take with us—a miner's lunch box and a washcloth and soap?" Well, and just like real proletariat, the main wealth that they take away from our country is their manpower. I do not blame their owners for quite understandable reasons. On top of all of this, Pasha is earning his rubles the hard way. It does not have to be explained to anyone who knows the labor of an "underground hostage"—the miner. Anyone who has not tried it personally has read government condolences to the families of those who perished at a mine face, and is familiar with statistics on illnesses. The working conditions and level of safety of our native Pasha, alas, have nothing good to distinguish them either in Ukraine or Russia.

The buses roll along. Such is the reality today, and if anyone reading this thinks that the whole point is the absence of barbed wire on the border, he is mistaken. For seven decades attempts were made to cure us of the desire to live like human beings with barbed wire and a short leash. If our money becomes money, if our mines will become less like graves than the Russian ones, and if in the end another dozen urgent "ifs" are realized that are possible only given radical reformation of the economy (and this means that people come to power who are capable of this), Pasha will gladly forego the long trip with all its attendant consequences: material, civic, and patriotic.

There is also something to think about in light of today's situation. How to regulate the piratical "semi-export" of our manpower? How to arrive at a point where the Russian side does not just skim off the cream but also frees something for the miserable budget of the miners' settlements where the workers live and pay taxes to it? In addition, how to function so that Pasha knows that his native state is "concerned" about him? I have no answers to these questions—the statesmen should have the professional answers. If, of course, not all of them feel like absolute favorites in a country under whose flag they like to show off at official receptions.

#### State of Vynitsya Agriculture Examined

944K0974A Kiev PRAVDA UKRAINY in Russian  
24 Mar 94 p 2

[Interview with Vasily Alekseyevich Tsyuroy, first deputy chief of Vynitsya Oblast State Administration and head of oblast department of agriculture and food, by Nikolay Baras; date and place not given: "Does a Nation Have a Future When Its Rural Communities Are in the Throes of Agony?"]

[Text] The answer seems obvious. Can we expect Ukraine to have a future without serious changes in its rural communities? Can we move ahead in the market reforms and abandon these communities to be torn apart by central and local bureaucrats and to be destroyed by their own inner conflicts?

Some kind of inner framework is still preventing the total ruin of the agrarian sector. Is it possible that the safety margin has not been depleted?

My conversation with Vasily Tsyuroy, first deputy chief of the Vynitsya Oblast State Administration and head of the oblast department of agriculture and food, began with these questions.

"All of that is true," Vasily Alekseyevich said. "Although the rural communities are on their last legs, they are still pulling the wobbly cart of our economy. No one else is pulling it—not the coal miners, the power engineers, or the machine builders, who are accustomed to treating even minor problems as absolute disasters. The rural communities are pulling the cart, and they are doing it in silence, possibly because they are aware of their duty and responsibility to the state...."

"Do you remember all of the recent cases of the overt and covert deception of the rural communities? In response, they produced a harvest that broke almost all previous records! The farmers in the oblast produced, for example,



2.9 million tonnes of grain (the third highest yield in oblast history), more than 530,000 tonnes of sugar, more sunflowers, vegetables, and fruit than in recent years, and much more meat, dairy products, and various canned goods.

"What did the peasants get in return? Not money, or equipment, or fertilizer, or gasoline or diesel fuel. Once again, they got nothing. But we are depleting their safety margin. When the long-suffering peasants' patience runs out, this will break the last cord that is keeping our rickety economy afloat."

[Baras] Vasiliy Alekseyevich, Vynitsya Oblast has a special agrarian status in the republic. People have good reason to call it the "great granary" and the "sugar Donbass" of Ukraine. It is no secret that the oblast annually produces 14-15 percent of Ukraine's sugar, which is an extremely valuable, almost strategic product for our state. It accounts for an equally substantial share of the whole Ukrainian harvest and the output of meat, milk, fruit.... Is this not a strong argument for the government, the legislators, and the financiers?...

[Tsyuroy] You know, this is one of those cases in which they are sawing off the branch on which they are seated. It does not take much of a brain to realize that you have to invest money if you want to develop production and get a bigger yield, but they are telling us that the state is too poor to invest in the rural community. At this time, you see, it cannot extend any credit to the agrarian sector either, because this would escalate inflationary processes. But can it at least pay for the work that has already been done? Apparently, it cannot do this either.

Then what can the peasant rely on, if the state will not keep its promises, fulfill its obligations and agreements, or abide by its laws? Sugar refineries are now paying kolkhozes and motor vehicle enterprises in sugar, but the prices are set in Kiev. But why? Why should the Cabinet of Ministers, "Ukrsakhar," "Ukrmyaso," and other such bureaucratic superstructures, which essentially have not even lifted a finger to give the agrarian sector in the oblast a sense of state priorities, have total control over the results of peasant labor? Yes, we realize that these are state requisitions and that they have to be used to pay for petroleum products and other such resources, but who said that we have to give them to the state for free? How can there be any arguments about priorities when the state has treated and is still treating the rural communities so unscrupulously?!

Tomorrow it will be time to go back into the fields. How will each peasant feel when he gets to the grain or beet field? How can we explain to the machine operator that the state does not give a damn, to put it bluntly, whether or not the equipment is ready for the spring season? I could talk about many things that are hindering the development of the agrarian sector and the whole oblast economy. They include the high percentage of farming products in the structure of the gross agricultural product, which requires higher material and labor expenditures. They also include the excessive plowing of the land (the ratio of plowed fields to all agricultural land is 17 percent above the republic average),

which leads to erosion and to ecological and social problems. They also include the aging of our equipment, which is becoming increasingly difficult to replace or repair.... All of these things are naturally being discussed by the peasants today, and all of them create problems for us, but no one is listening to us....

[Baras] Nevertheless, even after political battles have caused many statesmen to lose their senses, life in the rural community goes on. In fact, it was able to enter a new phase of economic and agrarian reform during this difficult time. As far as I know, various forms of ownership are being established in the oblast, stock and shares are being issued in agricultural enterprises, some are being incorporated.... Many people, however, are worried about the future of the rural community. Will the prevailing form of ownership be collective or private?

[Tsyuroy] Judging by all indications, collective farms will still be prevalent in the agrarian sector in the next few years. This is not a result of the conservative thinking of the farm chairmen, who supposedly do not want change. The fact is that kolkhozes and sovkhoses, with their infrastructure, microclimate, and production and consumer relations, represent the whole rural world, and their sudden elimination would be impossible and dangerous.

People sometimes tell us that we conservative peasants are impeding reform. But why would they say that? We now have 677 kolkhozes, 85 interfarm enterprises, 114 sovkhoses, and 723 family farms in the oblast. I think the last figure could be several times greater if all of the declarative statements of legislators in reference to family farms could have been backed up by some material content. Even then, however, their contribution to the gross agricultural product would be negligible.

On the other hand, the reform of the agrarian sector presupposes not only the development of the family farm, but also the conversion of collective farms. The administrators of these farms are using several different methods: Some are issuing stock in the farms, some are dividing the property and the land into shares, and the kolkhoz in Lipovka in Tomashpolskiy Rayon, which is headed by Ukrainian People's Deputy Nikolay Melnik, has been turned into a corporation. What all of these methods have in common is that the peasant has become the owner of part of the property and land of the kolkhoz and earns dividends for their use and a regular wage for his work. Meanwhile, all of the peasants on a single farm are still the collective owners of the property, which has allowed them to retain their customary way of life.

What will happen in the future? If current processes continue in a non-coercive manner, the private and collective principles eventually will converge in the rural community. What I mean is that the interests of the peasant owner will be manifested more and more clearly on the collective farms, and the wish to unite in associations, unions, or firms performing specific services for farms on the basis of mutual interest and advantage will grow stronger on the family farms. This, incidentally, does not exclude the possibility of the coexistence of kolkhozes and family farms in their pure form.



The processor of agricultural products works hand in hand with the producer. On the one hand, the oblast has 1,600 farms producing grain, sugar beets, and animal husbandry products, and on the other it has a food industry and processing industry constituting almost half of the oblast industrial sector. We could ask who makes a bigger contribution to the final output—the producer or the processor? Specialists have calculated that the labor of the rural producer represents from 70 to 90 percent of the value of the final product, but it is usually the processor who comes out ahead in mutual settlements. Not by his own design, of course, but through the good graces of "Ukrsakhar," "Ukrmyaso," and other such organizations and with the blessing of the Cabinet of Ministers and the legislators. In other words, the state is still imposing its own rules of play and deliberately putting partners in unequal positions. What kind of market relations are these? It is just another way of fleecing the rural community!

[Baras] Yes, the rural community is in the throes of agony, along with the rest of our economy, but tomorrow it will be time to go back into the fields, and the grain farmer will not give up even in the face of futility. Will he really have to use the last bit of his strength to prove that Ukraine cannot survive without grain? Is there really no other method of keeping the rural community alive?

[Tsyuroy] Reform. That is the only solution—the development of different forms of ownership, competition between them, purposeful state investments, the establishment of a balanced processing structure, and the institution of genuine market relations, and not relations controlled by Kiev—these are the means of rural recovery.

On the other hand, we can rely on reform, but we also have to do our part. The peasant has to begin by giving up the expectation that the rural community will get equipment, spare parts, and petroleum products from central supplies. Otherwise, we will have no hope of emerging from this quandary.

We are trying not to tempt fate. In the last two years the oblast assumed almost all of the responsibility for supplying the agrarian sector with spare parts, fertilizer, herbicides, and petroleum products. We will continue to do this. Equipment is a bigger problem because it has to come from Russia or Belarus. We managed to find a solution to this as well, however: Several dozen different types of machines and mechanisms, including silage harvesters, beet harvesters, and universal reels, and different accessories and spare parts will be produced here—at oblast enterprises, including those that worked for the military establishment of the former union.

We have no other alternative at this time.

### First Real-Estate Market in Kharkov

944K0964A Kiev UKRAYINA MOLODA in Ukrainian  
11 Mar 94 p 4

[Unattributed report: "An Unregulated Market and Unregulated in Kharkov: Ukraine's First Real-Estate Market Has Been Set Up in Kharkov"]

[Text] To set up a real-estate market and put it into good working order turned out to be not such an easy matter, even though Ukraine's exchange structures worked on the plan of "attack" for nearly three months. Born in travail like the very noisy land auction, the market was attended by only a few buyers, and this despite the fact that the commodity being offered was fast-moving and even had pretensions to high quality. If someone had the desire and—of course—the money, he could buy a building here, or a dacha, apartment, or garage in various parts of Ukraine and the near abroad. The organizers exhibited for sale everything that they could, even their own intellect and a material-technical center—offering various consulting services, transportation, and electronic equipment. A sense of orderliness and respectability, a minimum of risk and burdensome paperwork—one could not say that this was a legally unregulated market.

Nevertheless, it is the latter that potential buyers seem to prefer. For a market that was well advertised, three lots constitute just a drop in the ocean—not calculated to created any changes in the weather. The reason is well known. For a long time now well-to-do citizens have been buying up everything that they need; they have gotten around the existing laws, and for these covert trades they neither want nor need the help of any "glittering" advertisement. For all other citizens—whether the commodities in question are offered at a wide-open bazaar or a civilized market—they are beyond their pocketbooks. The result is lamentable. For the first time in half a century offerings exceeded demand in the Kharkov real-estate market, and this despite the fact that the housing problem remains one of the most acute in this city.

But we have not yet become accustomed to the paradoxes involved here. One of these is the position assumed by the Kharkov Procurator's Office, which has continued to "bombard" the local Executive Committee with paper-type protests. The motif is impressive in its banality. Existing laws do not permit land and real estate to be offered on a lease-type basis. But—when all is said and done—such a practice is not prohibited. This argument is persistently used to cover and protect themselves by the local authorities, while proceeding to prepare new trading places at the same time. Who will prevail? This is not just a rhetorical question, inasmuch as the Kharkov Commodity Exchange is not limited by prices, and sheds a glaring light on the long-existing opposition between common sense and narrowly bureaucratic interests. The old system has already taken everything possible from life, but it continues to keep the society in a state of deep unconsciousness. The real-estate market—like the first land auction—has not lived up to its promise of assistance; nevertheless, it has introduced a vital stream of hope into a seemingly hopeless situation. From now on trades on the KhTB [Kharkov Commodity Exchange] will be conducted with at least something to trade.

## BELARUS

### Residents Polled on Politics, Economics

944K1019A Moscow NEZAVISIMAYA GAZETA  
in Russian 30 Mar 94 p 3

[Article by Vitaliy Tsigankov: "With Thoughts of the USSR and Socialism: Republic Residents Prefer Private Property"]

[Text] In November-December 1993 the Independent Institute for Socioeconomic and Political Research (NISEPI) conducted a national poll under the title "Life in Our Times-2" (the first poll was conducted by the institute in 1992 and its results are also quoted for comparison). In a nationwide sample, 1,148 persons representing the entire adult population of the republic were polled. Six parameters were controlled in conducting the survey: gender, age, education, distribution of workers by economic sector, residence (rural or urban), and distribution of the population by oblast. The maximum statistical error of the sample is 5 percent.

The survey results show first and foremost that the population of Belarus, to put it mildly, is not entirely knowledgeable about some socioeconomic notions, sometimes selecting something that would be resolutely denied in the reply to the next question. The very first question: "Which would you choose: a market or a planned economy?" brought rather typical replies (by the way, almost identical to those in 1992). A market economy was supported by 54 percent, a planned one—by 43 percent. But replies to another question: "What system is most suitable for Belarus?" present a completely different picture. "Capitalism"—31.6 percent, "socialism"—40.9 percent, "other"—13.7 percent, and 13.8 percent did not answer. Of course, the role of propaganda in such reactions is great. While even communists advocate a "moderate market," capitalism for many remains tantamount to cannibalism. This contradiction becomes even more obvious when we look at the answers to the question: "In your opinion, which form of ownership is more effective in the economic sense?" "Private"—52.8 percent, "state"—28 percent, a sensible combination of "state" and "private"—11.7 percent. It is a paradox, but among those who chose socialism, to the question "Do you consider private ownership in land acceptable in Belarus" 72.4 percent answered "yes", and 26.6 percent—"no." However, 78.2 percent—and 64.2 percent in 1992—consider it impermissible for foreigners to own land, although the number of those who find it permissible also increased from 12.9 percent in 1992 to 20.3 percent in 1993. The no opinion share was 1.5 percent, in 1992—23 percent. Those who defined their financial situation as average comprised 39.7 percent, below average—37.7 percent, poverty—17.7 percent, above average—3.8 percent, and high-income—0.4 percent. For 67.6 percent the financial situation has worsened over the past two years, for 22.8 percent it has not changed, and for 9.4 percent it has improved. Therefore it is probably not surprising that the

number of persons who prefer free social services with low quality of service and without choice increased from 28.7 percent in 1992 to 39 percent in 1993. At the same time, the number of those who prefer to have the ability and find it necessary to choose for their money social services of a suitable quality decreased from 68.8 percent to 59.6 percent. As to employment, the degree of insecurity is even greater. Low wages at a guaranteed job are preferred by 56.7 percent (49.1 percent in 1992), while 40.6 percent (48.1 percent in 1992) would prefer high pay but with a high degree of risk of losing the job. It is amusing to observe the attitude of Belarus residents to speculation, which, in my opinion, is another paradox. A positive attitude toward speculation was registered by 9 percent; 19 percent were neutral; and the rest were negative to one extent or another. At the same time, 21 percent engage personally in reselling goods, that is, many more than those having a negative [as published] attitude to speculation. By the way, in answer to the question "Have you had a chance to participate in nonstate economic activities?" the figures do not differ dramatically from those in 1992, which probably is graphic evidence of the level of development of market relations in Belarus. For instance, 5.8 percent (3.9 percent in 1992) had bought securities; 2.4 percent (2.2 percent) owned a firm or an enterprise; 13.2 percent (5.5 percent in 1992) were working for hire in the nonstate sector; and 18.6 percent (12.1 percent in 1992) were engaged in individual labor activities.

Finally, a cluster of political questions, the answers to which, to put it mildly, surprised many in Belarus. Restoration of the USSR is supported by 55.1 percent (47.9 percent in 1992), with 22.3 percent against (22 percent in 1992) and 22.3 percent with no opinion (29.5 percent in 1992). The creation of the CIS was seen as a stage on the former USSR republics' path to complete independence by 18.4 percent, as the ruin of a great state—by 39.3 percent, as a forced measure that has prevented a bloody form of disintegration—18.3 percent, and 23.8 percent had no opinion. New elections to the republic Supreme Soviet are supported by 68.8 percent. Those in favor of the presidency in Belarus comprise 43.3 percent (in 1992 only 28.2 percent). Hence a special interest in the rating of political parties, which the respondents were asked to indicate in answer to the question "Representatives of which political parties and movements in Belarus enumerated below will you vote for in the elections?" The top-rated party was the Belarusian People's Front (17.9 percent), followed by two communist organizations—the Party of Communists of Belarus (10.5 percent) and the Movement for Democracy, Social Progress, and Justice (15.9 percent). Those are followed by two "right-wing" democratic parties—the Belarusian Peasants Party (10 percent) and the United Democratic Party of Belarus (5.4 percent). All in all, in the calculations of sociologists who organized the poll, 36 percent of potential voters cast their vote for the democratic flank in politics, 26 percent support communists, and 11 percent—centrists, which is probably the greatest paradox of the public mind in Belarus. While voting for democratic parties and private property, Belarus residents are nevertheless nostalgic for the USSR and socialism.

## ARMENIA

### NKR Official Denies Azeri Prisoner Mistreatment Allegations

944K0988A Yerevan RESPUBLIKA ARMENIYA  
in Russian 29 Mar 94 p 1

[ARMENPRESS report: "NKR Has Always Shown Good Will"]

[Text] Commenting on the reports being disseminated in the mass media of Azerbaijan concerning 4,000 Azeri prisoners of war and hostages and gross violations of international laws committed against them by the Armenians, the chairman of the NKR [Nagorno-Karabakh Republic] commission for such questions, Aleksandr Agasaryan, noted that all of them, especially the statement from the chairman of the State Commission of the Azerbaijan Republic, Namik Abbasov, concerning experiments conducted on Azeri prisoners, were untrue.

This can be attested to by delegations from the International Red Cross organization "Physicians Without Borders," legal defenders, and jurists who had free access to all the places where the prisoners of war and hostages were kept. They can also confirm that all the Azeris who were released were in normal psychological and physical condition. Letters from their relatives were even delivered to them.

Incidentally, as A. Agasaryan noted, previously the NKR commission had suggested to its Azeri colleagues that it send the aforementioned commission to Karabakh to find out the real state of affairs.

The Azerbaijan side currently has about 1,000 Armenian prisoners of war and hostages who are mainly citizens of Russia, Ukraine, Belarus, and other CIS countries who were captured in the conflict zone. Many of them are being kept in nonstate institutions or are in the hands of private individuals, which extremely complicates the process of exchange. At the same time, representatives of international organizations accredited by the NKR are certainly not always given an opportunity to visit Armenian prisoners of war and hostages.

But, A. Agasaryan noted, in spite of all kinds of difficulties caused by the corresponding structures of the neighboring republic, the NKR government has repeatedly shown good will and adherence to the principles of coordination and compromise in solving problems of this area. This is also shown by the unilateral transfer of 69 prisoners of war and hostages to the Azerbaijan side.

### Supreme Soviet Session Reviews Political, Economic Issues

944K0988B Yerevan RESPUBLIKA ARMENIYA  
in Russian 29 Mar 94 p 1

[Article by press center of the Supreme Council of the Republic of Armenia: "Official Chronicle"]

[Text] The regular session of the Presidium of the Supreme Council of the Republic of Armenia was held under the chairmanship of the speaker of parliament, Babken Araktsyan. They considered drafts of a number of decrees

submitted as legislative initiatives with the corresponding generalizations by chairmen of parliamentary commissions. In particular, the Presidium decided to propose for discussion at the regular three-day parliamentary session questions on making additions to the Supreme Council Decree "On Holidays and Memorial Days of the Republic of Armenia" and declaring 7 April to be a nonworking day for the celebration of maternity and beauty.

Then the Supreme Council Presidium drew up the agenda for the three-day parliamentary sessions that will take place through 30 March. It included mainly questions carried over from preceding sessions. Additionally, the Presidium considered it expedient to place on the agenda the question of the rules for adoption of the Constitution of the Republic of Armenia. Having raised the question of the legally established elections of two members of the board of the Central Bank of the Republic of Armenia, the Supreme Council Presidium by a secret vote elected candidates from those submitted by the Commission on Financial-Tax and Budget Questions of the Supreme Council of the Republic of Armenia and approved Vardan Bostandzhyan as a member of the board of the Central Bank of the Republic of Armenia.

At the session they also discussed the question of the studies conducted by the Supreme Council Commission on Questions of Economic Independence and Development of the Economy in the System of the Ministry of Light Industry of the Republic of Armenia. In this connection the chairman of the commission, Ruben Torosyan, familiarized the Supreme Council Presidium with the conclusions presented by the work group created for the purpose of studying complaints directed against parliament and, on behalf of the commission, suggested raising for discussion of the Supreme Council the draft of the corresponding decree.

Clarifications were also presented at the meeting by the Minister of Light Industry of the Republic of Armenia Rudolf Teymurazyan. After debating this issue and reaching a positive evaluation, the Presidium decreed that the question of reviewing R. Teymurazyan's appointment to the position of minister of light industry of the Republic of Armenia be placed on the overall agenda.

Then a report on the course of the fulfillment of the instructions given by decrees of the Supreme Council to the government and permanent commissions of parliament was presented by the secretary of the Supreme Council, Varazdat Avoyan. The Supreme Council Presidium adopted a decree regarding this issue as well.

Discussing the question of the report from the government of the Republic of Armenia in connection with implementation of the program for socioeconomic development of the Republic of Armenia in 1993, the Supreme Council Presidium decreed that it be suggested to the government of the Republic of Armenia that it present the corresponding report to the Supreme Council before 1 June of this year.



### **President Issues Edict on Diplomatic Passports**

944K0988C Yerevan RESPUBLIKA ARMENIYA  
in Russian 29 Mar 94 p 1

[Article by press service of the president of the Republic of Armenia—ARMENPRESS: "Edict of the President Regulates Filling Out and Retaining Diplomatic Passports"]

[Text] On 24 March President of the Republic of Armenia Levon Ter-Petrosyan signed the Edict "On the Procedure for Filling Out and Retaining Diplomatic Passports of the Republic of Armenia," which, until the corresponding legislative acts are adopted, will regulate the procedure for filling out and retaining diplomatic passports.

According to the edict, diplomatic passports will be issued, in particular, to deputies of the Supreme Council of the Republic of Armenia, members of the Government of the Republic of Armenia and its Presidium, leaders of official delegations which, by a decision of the Government of the Republic of Armenia, are sent to foreign countries, the Catholics of all Armenians, and diplomatic personnel of the Ministry of Foreign Affairs of the Republic of Armenia.

### **Sportsmen To Form Political Party**

944K1010A Yerevan RESPUBLIKA ARMENIYA  
in Russian 31 Mar 94 p 1

[Unattributed report: "Athletes Decide To Get Into Politics"]

[Text] A new political party is being set up in Armenia, which will represent people engaged in various types of sports.

Speaking at the party's founding assembly, Karlan Torosyan, an initiative group representative and chairman of the Ararat-73 society, said: "We have been told for many years that sports is outside politics; life, however, proves otherwise. Physical culture and sports are represented not only by the healthy and the tough, but also by people who possess intellectual potential, who can and should actively participate in formation of policy and resolution of problems of socioeconomic significance, and contribute to raising the athletic authority of Armenia."

According to a NOYAN TAPAN report, the first congress of the party will be convened in a month; it will approve the party's charter and program and elect the governing bodies.

### **Government Plans To Join International Conventions**

944K1010B Yerevan RESPUBLIKA ARMENIYA  
in Russian 31 Mar 94 p 1

[Unattributed report: "Armenia Joins International Conventions..."]

[Text] On 29 March the Republic of Armenia Supreme Council passed a decision to join the following international conventions:

"On Protection of Industrial Property" (done in Paris, 29 March 1883), "On International Civil Aviation" (done in Chicago, 7 December 1944), "On Offenses and Certain

Other Acts Committed on Board Aircraft" (done 14 September 1963), "For Suppression of Unlawful Seizure of Aircraft" (done 16 December 1970).

The Republic of Armenia Supreme Council also ratified a number of treaties: "On International Registration of Trademarks" (done 15 April 1991), "On Procedures for Settling Disputes Stemming From Carrying Out Economic Activities" (done in Kiev, 20 March 1992), "On the Mutual Recognition of Rights and Regulating Property Relations" (done in Bishkek, 9 October 1992), as well as the "Patent Cooperation Treaty" (done in Washington, 19 July 1970), "On Friendship and Cooperation Between the Republic of Armenia and Turkmenistan" (done in Ashgabat, 24 August 1993), and the CIS treaty "On Creation of an Economic Union" (signed in Moscow, 24 September 1993).

### **Chinese Cooperation in Energy Sector Under Discussion**

944K1010C Yerevan RESPUBLIKA ARMENIYA  
in Russian 31 Mar 94 p 2

[IATs-NOYAN TAPAN report: "Will Armenian Side Respond to Chinese Initiative?"]

[Text] Contacts are currently underway between the Republic of Armenia Ministry of Energy and Fuel and representatives of the People's Republic of China [PRC] on the matters related to development of the power generation industry in Armenia, in particular, hydroelectric power generation. Under consideration now is the possibility of acquiring power generation equipment for small GES's [hydroelectric power stations] (NOYAN-TAPAN comment: Small GES's have generating capacity between 100 kw and 10 MW.) The PRC is the world leader in terms of the number of micro- and mini-GES's and has considerable experience in making equipment for them.

Liu Xueli, first secretary of the PRC Embassy in the Republic of Armenia in charge of economic issues, said in an interview to a NOYAN-TAPAN correspondent that Chinese equipment for small GES's is of good quality and inexpensive. The PRC has exported it to many countries of the world: Italy, the United States, Brazil, Turkey, Thailand, India, and so on. In the initial development of its power generation industry, China built in parallel large thermal power generation stations and small GES's. In the 1960's, when China also experienced a shortfall of electric power, the state provided incentives for construction of small GES's and small thermal power stations. The Chinese government exempted those who built small power stations from taxes. Only then did the state concentrate its efforts on building high-capacity GES's. In addition to money invested by the state itself, international credits are used in construction of these objects. Keeping in mind the geographic peculiarities of some regions in China—first and foremost in the west and south, where there are high mountains and many rivers—construction of small GES's is very profitable. "I have to point out that analogous geographic conditions exist in Armenia. And Armenia's current situation (the blockade and other difficulties) draw one's attention to hydroelectric power generation. I believe that



construction of GES's is necessary in order to develop Armenia's energy sector," said Liu Xueli.

As it turned out, the Chinese side has already submitted to the Republic of Armenia Ministry of Energy and Fuel concrete proposals on deliveries of equipment for our small GES's. These proposals will be studied by the Armenian side. Will the Armenian side respond to the Chinese initiative?

#### **Parliamentary Debate on Taxes, Legislative Process Scored**

944K1012A Yerevan RESPUBLIKA ARMENIYA  
in Russian 1 Apr 94 p 1

[Article by I.M. under the rubric "Parliament": "Not So Hot' Fact and 'Pushbutton Hooligans'"]

[Text] With a brisk step, the prime minister almost boyishly ran up to the rostrum and, once there, as if restraining his drive, with deliberate calmness, clearly enunciating every figure, began to explain to the audience why the government chose the 30-percent tax on profit over the 20-percent proposed by the deputies. He described in detail the mechanics of the so-called zero-sum situation, into which we may slide otherwise. He gave examples from the practice of other states, including civilized ones. I will not bore the reader with details, because I saw that the deputies, too—many either found it unnecessary to get into the fine print or were incapable of doing so, or perhaps already had made up their mind. In any case, they did not heed the prime minister's words and did not accommodate the president's requests enunciated in his "comments" to the draft laws under discussion: "On Tax on Land" and "On Tax on Profit." The situation in the "kitchen" did not require great analytical abilities to understand the underlying motive that guided both parties. As usual: The government protects the interests of the state, and the deputies—the interests of the people. In this particular case—the business segment. And why not—strangling business with such a tax—30 percent—means strangling it to death. The "threat" that the danger lies in something else—that under the 20-percent tax a jump in inflation is inevitable, that every taxpayer thinks that the tax is too high, and that we should be guided by the interests of the entire state and not just one population stratum—did not bring the desired effect. The speaker—who, by the way, spoke before the prime minister and seemed to have barely restrained himself from spoonfeeding his "flock" regarding what is what and what is not in the business at hand—namely, in the "president's amendment": nothing is outside the law; it is in the interests of each and every person; on Tuesday evening, after a meeting, members of the cabinet and the presidium, worn out and tired, still found enough willpower to stay up and work, arriving at the nonsense [as published] of the "30 percent" necessity; and so on, and so on—did not produce any effect either. As well as the deputy's attempt to explain to the "listeners" that the point is not the figures but the substance. Neither did the government correction help: that it is not simply the "numbers"—it is precisely the substance, because the question under discussion does not stand alone but is part of the general development program. In short, despite the concentrated

firepower, "the enemy was stopped" and "we won." Please forgive the seeming frivolity of this phrase. I permitted it because during a smoking break a high-ranking government official confessed to me with the smile of one who had made a discovery: "You see, the Supreme Soviet assumes everything that comes out of the cabinet to be evil. If they manage to 'nix' a proposal, they celebrate victory. For them, the important part is to beat us. They just cannot comprehend that besides the notorious 'counterbalance,' we should all be guided by common interests." During the next smoking break, with the smile of one who had made a startling discovery, a commission head confessed to me that the best the government can do is liquidate itself. That everything it proposes "at best does not result in the direct and final demise of the state. That even seemingly sensible proposals are not thought through in detail, are not well argued, are not accompanied by a mechanism for implementation, which leads to even greater chaos."

On our way home, one deputy of my acquaintance comforted me philosophically: "Everything is normal. Do you really think that in civilized countries relations are better between parliament and government?" I really do not know, never having had a chance to observe closely, but... But it is still different over there: There is an adopted constitution, working laws; there is no murderous time pressure, which allows them, while heatedly debating each amendment, to calmly relish it before permitting it to be put to use; the procedure for budget and program approval is fine-tuned; and anyway, how can it be that the budget is approved and the program is not?!

In short, the impression I was left with after these three days is depressing. As if all the charge had been spent during the battle for the budget and they are now performing, so to say, a filler. Since it was announced in the promotion, it has to be played. No more than that. Although taxation laws cannot be considered insignificant no matter how inwardly relaxed one may be. Perhaps the reason for this painful impression was the expectation that—well, they must finally get to the most important; we have reached the limit; so many laws are waiting their turn, and they... I do not know, perhaps, another proverb fits here: Do not judge and you will not be judged, and they, the deputies, know better what and when, within what timeframe, and why secondary—to the uninitiated eye—issues should be brought into finer shape, and... The question of the minister of light industry, which at least for us—reporters and readers—could become a "burning" issue, was also left hanging in midair. By the way, this situation is particularly depressing. If the "suspect" official is indeed a villain, such procrastination around the matter only gives him the opportunity to continue his villainy with greater enthusiasm for whatever time he has left. If the opposite, and he has simply been slandered, most likely he will be paralyzed by the knowledge of the stupidity of the whole thing. In any case, delay in resolving this matter only aggravates the situation. In the end, everything was completely jumbled. It suddenly turned out that the quorum had been provided by apparently "dead souls." That is, deputies push buttons for their colleagues who are absent. Two "pushbutton hooligans" were even identified by name. They took the floor. Started a lively argument with a

pretense to sarcasm. Everybody's spirits rose. The implacable time kept ticking. Deputies suddenly jumped from their seats and rushed to the exit, disregarding the chairman's attempt to call them to order. Somebody said that this kind of behavior enables them to avoid putting something to a vote, but...

I have no doubt that later some will argue heatedly that behind all this are the games of the "top echelons," that the destabilized situation of the last few minutes, and not only that, was aimed at derailing, or rather, not putting to a vote the most interesting issues, and so on, and so on. But, hell! One would think that the rules of the game had been learned by now—why go through the same hoops every time?!

Still, there was one cheerful point in all this—7 April was made a holiday by law. Congratulations!

### **Commission on Iran Relations Reviews Plane Crash, Other Issues**

*944K1011A Yerevan RESPUBLIKA ARMENIYA  
in Russian 1 Apr 94 p 1*

[ARMENPRESS report: "Questions Remain: Session of the State Commission for Coordination of Armenian-Iranian Relations"]

[Text] A session of the State Commission for Coordination of Armenian-Iranian Relations was held on 31 March under the chairmanship of G. Arutyunyan, vice president of the Republic of Armenia.

Information on the assistance rendered the work of the competent commissions looking into the circumstances of the loss on the territory of Nagorno-Karabakh of an Iranian C-130 military-transport aircraft and the causes of the tragedy by the Armenian authorities was heard at the session.

Profound regret was expressed in connection with the aircraft catastrophe and the human casualties, and it was noted that Armenia was assisting in every way and would continue to assist the investigation of all the circumstances of the loss of the aircraft by specialists who had come from Iran and the competent commission of the CIS Interstate Aviation Committee.

The shipment of the remains of the victims of the tragedy from Stepanakert to Yerevan and from there to Tehran has been properly organized also.

At the same time it was observed at the session that the disinformation being spread from time to time by certain foreign news media and the biased interpretation of the incident are making this accident a subject of political speculation.

It was observed also that many questions still await a definitive answer. According to the specialists from Iran, the C-130 aircraft did not have a "black box." It was ascertained also that the aircraft lost pressure 50 minutes after departure from Moscow and lost 2,400 meters in altitude, but the crew decided not to return to the Moscow airport and continued the flight.

The investigation confirms that the aircraft did not enter Armenia's air space at all and did not make contact with Yerevan's air traffic control services, although the latter had attempted to establish communication also via a Russian aircraft, Flight 954, when Georgia's air traffic control reported that the airplane had strayed off course and that communications with it had been lost.

It is still not clear why the aircraft deviated abruptly from the flight path on the territory of Georgia and went for quite some time deeper onto the territory of Azerbaijan, losing altitude appreciably (approximately 4,000 meters).

At the same time hope was expressed that the answers to all the questions might be obtained after a comprehensive study of the incident by specialists and the competent commissions.

Emphasizing the vital need for the establishment of stability and peace in the region, concern was also expressed at the session in connection with the fact that Azerbaijan's frustration of the peacemaking initiatives for a settlement of the Karabakh problem was becoming a cause of the tragedy of the sons not only of the Armenian and Azerbaijani but also—involuntarily—of the friendly Iranian people.

A number of current matters concerning Armenian-Iranian economic relations was discussed at the commission session also.

### **Armenia's Kurdish Community Ready for Compromise**

*944K1011B Yerevan RESPUBLIKA ARMENIYA  
in Russian 1 Apr 94 p 1*

[Artem Yerkanyan report: "Kurds Ready for Compromise"]

[Text] A news conference organized yesterday by the Kurdish Professionals of Armenia Council, the Kurdistan Committee, and the newspapers RYATAZA and BOTAN was devoted to the events of the current stage of the national liberation movement of the Kurdish people and also to the attitude toward the Kurdish question of the governments of Turkey and Western states.

A purpose of the measure was to explain the propositions of the appeal of Abdulla Odzhalan, general secretary of the Kurdistan Workers Party [RPK], to 35 states, in which the RPK leader states once again his readiness to renounce power methods. "We would welcome all initiatives aimed at a peaceful solution of the Kurdish problem and are prepared to embark on their discussion without any conditions whatever," the appeal says. It follows from that same document that the RPK does not insist on the obligatory dismemberment of Turkey and would discuss all proposals of the Turkish leadership concerning mutual compromise, including the possibility of a federal arrangement of Turkey.

The participants in the news conference—Amarike Sardar, editor of the newspaper RYATAZA, the poet Karla Mad, and the scholar Sharafe Ashir—dwelt in detail on the position of their compatriots in Turkey and this state's policy in respect to the Kurdish people. The parliamentary elections in Turkey on 27 March were seen as a fraud. In the eastern provinces, in which the Kurds live, the elections

were conducted under the pressure of a beefed-up contingent of the armed forces. A parliament formed under such conditions cannot be legitimate.

The anger of Armenia's Kurdish community at the world community's reluctance to recognize the seriousness of the problem is intensified by the avowedly anti-Kurdish actions taken by the governments of certain European countries. The leadership of the FRC was subjected to particular criticism. The Ministry of Interior of Germany has banned the local Kurdish community from celebrating the Novruz national holiday. As a sign of protest, two young Kurdish women committed an act of self-immolation in the West German city of Mannheim.

The questions put by the journalists concerned both the main topic of the news conference and the disagreements within the Kurdish community connected with the separatist sentiments of the Yezidi Kurds.

**Commission Reviews Humanitarian Aid Distribution**  
*944K1011C Yerevan RESPUBLIKA ARMENIYA*  
*in Russian 1 Apr 94 p 1*

[Unattributed report]

[Text] A meeting of the Central Commission for Humanitarian Assistance, which was chaired by Armenak Darbinyan, deputy chairman of the commission and deputy minister of economic affairs of the Republic of Armenia, was held on 30 March.

Ishkhan Martirosyan, deputy minister of agriculture, reported how this sector had disposed of the humanitarian assistance it had received last year from overseas and on anticipated assistance in 1994. It was noted specifically that 72 tonnes of chemically treated sunflower seeds, 1 tonne of which had been allocated to Talinskiy Rayon, had been received along Armenia Assistance Fund lines. As ascertained, it was these seeds that were being sold on the streets of Yerevan, as a result of which instances of poisoning were recorded. The commission noted that criminal proceedings had already been instituted in this case.

It was resolved at the meeting to render assistance in 1994 to orphaned children and certain strata of society, specifically, single retirees, schools and preschools of the city of Yerevan, cities of the disaster zone and area schools, cultural organizations, members of the staff of certain vocational-technical schools of Yerevan, and others.

It was also noted at the meeting that there is currently a multitude of nongovernment charitable organizations rendering humanitarian assistance to various strata of the population of the republic. But their work is uncoordinated, and the aid is frequently received by the same recipients. In this connection the Central Commission for Humanitarian Assistance of the Republic of Armenia requests that the nongovernment organizations coordinate their operations with the commission.

**Edict on Minimum Wage Issued**

*944K1021A Yerevan RESPUBLIKA ARMENIYA*  
*in Russian 2 Apr 94 p 1*

[Article by unidentified correspondent: "President Signed Edict on Wage Increase"]

[Text] President of the Republic of Armenia Levon Ter-Petrosyan signed an edict on 31 March on increasing the minimum scale of wages of workers of budgetary institutions, pensions, benefits, and stipends.

According to the edict, starting on 1 April 1994, the minimum wage scale in the republic is established at 176 drams, and in remote and border population centers, established by the government of the republic, 194 drams. The official salaries of workers of budgetary institutions that are not paid according to the multiplier coefficient with respect to the minimum wage, pensions designated in the event of full length of service, and the pensions of servicemen are increased by a factor of 1.6.

The edict shows a clearly differentiated approach to the question of supplementary social support to the low income elements of the population. Additional monetary supplements, after indexation, were established for workers of budgetary institutions who are on a scale of less than 880 drams, for pensions with full length of service, and for the pensions of servicemen.

What is also very important for a substantial part of the population is that, given an incomplete length of service, the scales of work pensions for age and disability, social pensions for old age and disability, and also the pensions of servicemen, and the supplementary payments to them, are determined from a calculation of the minimum wage with an additional supplement of 191 drams.

Stipends to students of state higher educational institutions are established at a scale of 296 drams, for graduation classes—330 drams, and in the event of outstanding progress—370 drams. Starting on 1 April, the stipends for graduate students will be 500 drams, and for doctoral students—700 drams.

Allowances of various kinds for children are being increased by a factor of 3 and more.

A supplementary payment of 194 drams is established for unemployment benefits.

The edict of the president of the Republic of Armenia will be published in full in one of the issues of RESPUBLIKA ARMENIYA in the near future.

**Emigration Service Created**

*944K1021B Yerevan RESPUBLIKA ARMENIYA*  
*in Russian 2 Apr 94 p 1*

[Article by unidentified correspondent: "Emigration Service Created"]

[Text] "Emigration from Armenia is of an illegal nature. This makes an exact calculation difficult," declared Minister of State Rafayel Bagoyan at a meeting of the Supreme Soviet on the same day. According to his words, during



1991-1993 approximately 300,000 persons emigrated from Armenia, NOYAN TAPAN reports.

The minister of state reported that the Ministry of Labor and Social Security has created an emigration service. It is envisioned establishing a similar structure in the Administration for Refugee Affairs also.

#### **Delegation to Krasnodar Discusses Trade, Return of Deserters**

*944K1021C Yerevan RESPUBLIKA ARMENIYA in Russian 2 Apr 94 p 1*

[Report by the News Department: "Armenian Deserters Will Be Discussed in Krasnodar"]

[Text] As was reported to a RESPUBLIKA ARMENIYA correspondent in the press center of the Republic of Armenia, an Armenian delegation headed by Deputy Prime Minister Vigen Chitechyan, returned to Yerevan from Krasnodar yesterday. The purpose of the official visit was to settle trade-economic relations and to resolve questions on the renewal of air transportation from Krasnodar to Armenia, which was halted two months ago after the crash of a cargo plane that was heading for Gyumri. Besides other questions discussed by members of the delegation with Nikolay Yegorov, the head of the local administration, and Viktor Gladskiy, his deputy, problems were also touched upon that are associated with the migration of citizens of Armenia to Krasnodarskiy Kray. In the course of the conversations with the leadership of the kray, the possibility of the cooperation of law enforcement organs was discussed, and, in particular, the question was broached on the return of Armenian citizens located on the territory of Krasnodarskiy Kray who were army draft evaders.

Three documents were signed as a result of the negotiations: "Agreement on the Principles of Trade-Economic Cooperation for 1994," "Provisional Agreement on the Conveyance of Cargoes by Air Transport," and an "Agreement on Cooperation in the Cultural- Educational and Scientific Sphere, and in the Sphere of Sports and Tourism."

The members of the Armenian delegation had a meeting with representatives of the Armenian communities of Krasnodarskiy Kray.

### **AZERBAIJAN**

#### **Appeal Urges World Attention to Armenian 'Genocide' Against Azeris**

*944K1013A Baku VYSHKA in Russian 2 Apr 94 p 1*

[Statement by the Press Service of the President of the Republic of Azerbaijan]

[Text] In March 1918, organized armed actions by Armenians against the Azeri civilian population took place throughout the territory of Azerbaijan. These actions, which were organized by the leaders of the Bolshevik party, the Dashnaksutyun Party, and other Armenian terrorist organizations, were aimed at the physical extermination of Azeris, the destruction of monuments of spiritual and

material culture of Azerbaijan, and ultimately the Armenization of indigenous Azeri territories.

Anti-Azeri pogroms and acts of violence and terror were perpetrated throughout the territory of Azerbaijan between 1917 and 1920. However, they became the most cruel during March 1918 in Baku, Shemakha, Kuba, the villages of Shemakhinskiy, Kubinskiy, and Geokchayskiy Uyezds, Karabakh, and some other regions of Azerbaijan. In these regions the Armenian barbarians brutally wiped out more than 50,000 peaceful Azeris and burned down monuments of Azeri ethnic culture, mosques, and state offices.

The March 1918 events were tragically peculiar in that the inhumane ideology of Armenian national-chauvinism blended with the criminal practice of terror and genocide of the Azeris and ethnic cleansing and Armenization of Azeri lands aimed at achieving Armenians' economic and political domination over Azerbaijan. It is also characteristic that virtually all strata of the Armenian population, which rallied on the basis of the pathologically developed idea of hatred for Turkic nations, primarily Azeris, took part in these events.

The bloody synthesis of the ideology and practice of Armenian national-chauvinism has been built upon in the current state policy of the Republic of Armenia, which has ethnically "cleansed" its territory and is waging a large-scale war on Azerbaijan; it has occupied about 20 percent of the territory of Azerbaijan and forced more than 1 million Azeris to become refugees.

In conjunction with the above, the Republic of Azerbaijan, resolutely denouncing the Armenian policy of secret and open genocide of Azeris pursued throughout the 20th century and condemning the ideology and practice of Armenian national-chauvinism as a crime against the Azeri people, against peace and humanity, calls on the nations and parliaments of the world and leading international organizations to make a qualified assessment of the March 1918 events and to consider the issue of moral and legal responsibility of the ethnically "clean" Republic of Armenia for the policy of war, terror, and genocide pursued with regard to the Azeri people.

#### **New Political Party Claims 'Centrist' Orientation**

*944K1013B Baku VYSHKA in Russian 2 Apr 94 p 2*

[Article by V. Todoseychuk: "The New Party Is Centrist"]

[Text] A press conference of representatives of the leading organs of the Democratic Party of Independence of Azerbaijan (DPNA) has been held.

The DPNA is the 40th political party in Azerbaijan. The statute and program of the party were approved earlier, at the constituent conference on 26 March, and the Politburo and Ali Mejlis (Supreme Assembly) were elected. Gabil Guseynli, Vagif Kerimov, and Mubariz Gurbanly are cochairmen of the party.

The party ranks number about 10,000; chapters have been opened in 61 regions of the republic.



During the press conference, representatives of the DPNA answered numerous questions put by journalists. In particular, it was stated that the party occupies a centrist position and advocates holding parliamentary elections, which are a guarantee of successful democratic transformations, as soon as possible. The views of the DPNA are largely similar to the policy of the current leadership of the republic.

The main objective of the DPNA is to achieve Azerbaijan's real independence. The party proceeds in its operations from the principles of its popular character, justice, and democracy. The DPNA comes out against the interference of the army in politics; it advocates implementation of the positive principles of Turkism, Islamism, and national-patriotism.

As far as the economic sphere is concerned, a team of experts is at work within the DPNA. A privatization program has already been developed; it has been submitted to the leadership of the republic.

#### **Joint U.S.-Azerbaijan Oil Exploration Results Reported**

944K1013C Baku VYSHKA in Russian 2 Apr 94 p 2

[Article by AZERTADZH correspondent: "The GNK and UNOCAL Present"]

[Text] Baku, 1 April—Yesterday a scientific study of the megastructure of the Gyuneshli, Azeri, and Chyrag oil fields, which was conducted by the GNK [State Oil Company] of Azerbaijan together with the American company UNOCAL was presented at the GNK of Azerbaijan.

As John Ellis Flint, chief geologist of UNOCAL and director of the group for the CIS, Near East, Europe, and North Africa, stated in a conversation with an AZERTADZH correspondent, specialists from the two companies have conducted research to build geological models of these oil fields; the practical utilization of its results will make it possible to reduce the degree of risk in developing the oil fields and, therefore, outlays, and to improve the economic effectiveness of oil production.

At present, specialists of the GNK and UNOCAL are continuing joint work on three other projects. In particular, the geological and geochemical modelling of the oil and gas-bearing basin between the Kura and Yori rivers is underway, which will make it possible to improve the effectiveness of exploratory efforts.

### **GEORGIA**

#### **Abashidze Evaluates Relations With Turkey**

944K0942A Tbilisi SARKARTVELOS RESPUBLIKA in Georgian 9 Feb 94 p 4

[Interview with Ajarian Supreme Council Chairman Aslan Abashidze by SARKARTVELOS RESPUBLIKA Correspondent Gia Chelidze, Batumi: "'Where is Aslan?!': date not given]

[Text] Our people are again focusing their attention on the result of Georgian Head of State Eduard Shevardnadze's recent visit to Turkey, the political documents that were

signed in Ankara, and the package of economic and cultural cooperation agreements designed to foster good-neighborly relations and cooperation between our two countries.

**The Georgian delegation included Ajarian Supreme Council Chairman Aslan Abashidze.**

[Abashidze] I will say from the outset that this first official visit marks a new stage in our country's history and relations, which will certainly yield solid, practical results.

As far as history is concerned.... You yourself know how troubled our two countries' relations have been over the centuries. There was more darkness than light, but times have changed. We are all gratified now about this sharp turnaround in our relations, as reflected in the visit to independent Georgia by Turkey's present president (who was the Prime Minister then) Suleiman Demirel. He was the first to announce out loud, "Georgia and Turkey must have not only friendly but brotherly relations."

This was followed by 50 million dollars' worth of credit for Georgia, wheat, humanitarian aid, and so on. Turkey was the first to extend a helping hand to us.

I will not attempt to describe the wonderful reception our head of state got in Turkey; that has already been reported. I will try to single out a few highlights.

Shevardnadze's great popularity and respect in Turkey was something we felt a half hour before we were to land in Ankara, when our airplane was met by an honor escort consisting of four of the Turkish Air Force's Phantoms escorted to Ankara airport. It was an impressive sight.

Before that, we, the people and leaders of Ajaria, counted it a real honor when the head of state's airplane made a major change in its route to land in Batumi so the Ajarian delegation could join. This fact places a great responsibility on us in the future, and we will try to reciprocate.

Earlier, again by way of Batumi, a "working group" headed by Batoni Zurab Kervalishvili headed to Turkey; in Batumi we looked over the programs together, to which we contributed our own proposals as well. For example, Batumi was also added to the housing plan; it had not been included. Naturally, this carries considerable political weight, because our two countries' relations begin at the border, in this case from Sarpi and Batumi. This is a very important factor.

The lavish ceremony that was put on in front of Turkey's presidential palace in honor of Batoni Eduard was most impressive, a confirmation of the esteem the hosts hold our outstanding political leader in. And wasn't it the same in Germany, China, and elsewhere? As I watched, I felt a mixture of pride and regret, thinking what strange and ungrateful people we Georgians are: even today, hardly anybody in the world knows about Georgia, but just mention the name of Shevardnadze and... everything falls into place.

But are we making use of the Shevardnadze factor? Quite the contrary: it is as if we are sacrificing Georgia's great opportunities today to certain persons' individual and party interests. Forgive the awkward comparison, but even a soccer team, if it is in trouble, will go to any lengths to buy

someone who will take charge and help it win. Not us: instead of making use of this big factor, we have yet to show him anything but pain, distrust, abuse, and ungratefulness. It is sad, but "a prophet is without honor in his own country...." If other countries had a man like him, they would probably have stood the world on its ear by now and made their own country into an Eden instead of building state policy on personal sympathies and antipathies.

Please consider this a lyrical digression.

[Chelidze] Your recent statement about supporting the Georgian Citizens' Alliance made your position clear once more.

[Abashidze] I'm not the kind of man to shout about it every day, but I have said more than once: the head of state needs the kind of faithful allies who will stand by him in deed rather than in words. We ourselves, and the whole population of Ajaria, have done everything we could. In our recent interview we acquainted readers with the relevant documents, but that's not the main thing. The point is how to help the country, how to put the economy back on its feet, how to renew the rebuilding process. This is what we had in mind two years ago when we created the Ajaria Revival Alliance with the slogan "Georgia Above All." This new stage of relations with Turkey holds promise for Georgia and for Ajaria, which directly borders on Turkey.

Keep in mind, moreover, that many of our brothers, our close relatives, live and work in Turkey. The two days we were in Ankara, our whole diaspora practically camped in our hotel. You should have seen how delighted they were, how much they wanted to help and cooperate with us.

One of them was a close relative of mine, my grandfather's nephew, General Akhmed Adzhari [name transliterated], a well known Turkish military man and industrialist. He now holds a high position in Turkey's military-industrial complex, which also includes other leading sectors of the economy. He has come to Batumi a number of times, and he asked me to introduce him to our head of state, which I did in Ankara. This time as well he had some interesting projects and proposals for us.

We didn't go empty-handed either. We had a number of interesting projects with us. We want to build a large milling combine, a high-rise complex, and a power plant to supply electricity to both sides. We are planning a joint shipbuilding project based in Batumi's Shipbuilding Plant, to build river-maritime ships. I think this will strengthen and improve the quality of Georgia's maritime shipping.

During our visit, they asked me to stay in Turkey a few days and see with my own eyes the plants which we have agreements with firms there to build. Plans call for building and starting up joint garment and wood processing enterprises.

We will probably know in the first quarter of this year how practical the implementation of these agreements is.

[Chelidze] For decades we waited for things to be brought to us on a platter. Maybe that has made us what we are today—inert, apathetic, lacking initiative and so on and so forth.

[Abashidze] You are right. That's the way it was, but not any longer. The economic and cultural cooperation package that was signed during our official visit to Turkey opens up the way. Now it is up to our businessmen and business circles to see how skillfully we take advantage of these opportunities for our country's sake, how well we prepare new projects and carry them out. Hence, every ministry, firm, and organization will have to get busy and design projects which will serve our country's as well as the departments' interests.

Preparing projects is no easy matter, however. It has to be preceded by considerable preparation. We need experienced and knowledgeable specialists, but, sad to say, we have very few. So we will have to import them from other countries, making use of our head of state's enormous prestige to do so. No one will refuse him, and we can always trust and rely on specialists he invites in.

I would like to emphasize one thing. In Turkey, both the head of state and I had opportunities to meet with Turkish businessmen. They offered the kinds of projects and proposals to us which we are sending our own specialists to other countries for.

This means that we lack information, we don't know what's going on in the civilized world in certain sectors.

[Chelidze] When you came home from England and Europe last summer, you cancelled several of your decisions.

[Abashidze] You just have to do that when you find that a contract is disadvantageous. We must admit that we are not yet well versed in the details and nuances of the market economy, so we have to do everything necessary to train knowledgeable cadres as soon as possible.

I don't know about other people, but when I talk to foreign businessmen now I can't help feeling cautious, because I know that a real professional tries to turn negotiations to his own advantage. If you are incompetent and don't have up-to-date information, well....

Right now, most of our businessmen don't even know how to talk to foreigners in order to make the right deal. So we will have problems until we have gone through the labyrinth of the market economy.

[Chelidze] Any trip or official visit, of course, not only includes diplomatic meetings but also events that are pleasant just to reminisce about later on.

[Abashidze] Of course. Let me start with this pleasant recollection. During one reception, I found myself between Turkish Prime Minister Tansu Ciller and the wife of President Demirel. What better chance could a man wish for? For several hours I laid out for the Prime Minister all the problems we are trying to solve. I talked about future projects and proposals. Ms Ciller was so interested that she immediately summoned her apparatus's officials and ministries to the banquet table and gave them specific instructions, according to which our specialists and their Turkish colleagues will collaborate on projects and proposals which the prime minister submits to them. Ms Ciller also promised to study these projects herself, and she will come to Georgia this

spring and also visit Ajaria. That is her desire. She has very warm feelings for Georgia, as do the president and his wife.

As for strange episodes, they started when I set my watch on Turkish time as we arrived, and was therefore an hour late. Batoni Eduard was waiting for me at the Residence. As a result, the signing ceremony was delayed. I was horrified. I realized, of course, what had happened, but what could I do. That was one. For some reason, Batoni Eduard was always looking for me. I kept hearing him say, "Where is Aslan, where is Aslan?"

I don't know; anyone who knows me knows I have no trouble walking or running. But our head of state goes so fast I couldn't keep up with him and often fell behind. I noticed how fast our head of state walks back in our own country, in mountainous Khulo. He sprained his foot there, but I still couldn't keep up. I thought to myself, maybe in these carpeted halls he'll walk a little slower, but I swear....

"Where is Aslan?", Batoni Eduard would say, and delegation members and guards, who sometimes broke the protocol rules themselves, would make a path for me so I could catch up. Even when I was late or got behind, he always greeted me with a smile.

He never said a word of reproach, but I would have preferred that, because at such times a smile seems like more of a punishment.

The visit ended, and we happily left Turkey's hospitable land, taking with us the hope and belief that Georgia and Turkey really will begin a new stage, a breakthrough, a stage of brotherhood which will benefit our peoples and Georgia.

#### **Foreign Minister Comments on Talks with Abkhazians**

944K0940A Tbilisi SARKARTVELO RESPUBLIKA  
in Georgian 9 Feb 94 pp 1-2

[Interview with Georgian Republic Foreign Affairs Minister Aleksandre Chikvaide: "It Was No Easy Task..."]

[Text] On 3 February, a Georgian delegation headed by Foreign Affairs Minister Aleksandre Chikvaide returned from UN Headquarters in the United States. Even though the minister immediately joined in the events of Boris Yeltsin's official visit, the extreme importance of the issue made this interview essential.

[Question] Batono [polite form of address for males] Minister, what was the specific purpose of the Georgian delegation's visit to the United States, and what difficulties did you have to overcome to accomplish it?

[Chikvaide] You will recall that on 1 February the mandate of the UN observer mission in Abkhazia was running out, and so the basic task was to extend it, which would necessitate further participation by UN and international institutions, without which any implementation of peace-keeping operations would be ruled out.

[Original text missing or illegible except for phrase fragments] ...the Abkhazian side... an attempt to settle outsiders, which will make it easier for them to excuse their crime by a future referendum. Dismissing the [?agreements] reached earlier

concerning the repatriation of the refugees, the separatists again imposed several preconditions. As a result, any practical results from the latest Moscow meeting became doubtful. It was essential, therefore, once more to gain the international community's recognition of the principle of Georgia's territorial integrity and inviolability of its borders and, along with raising the question of the safe and unconditional repatriation of the refugees,... the results of a referendum.

[Many of the following lines are illegible except for phrase fragments] Immediately on arriving in America we met UN General Secretary Butrus-Ghali, the UN's Political Department leaders, members of the Security Council, and member country representatives. Our comments were taken into account in jointly formulating a draft resolution.

Despite international support for Georgia (a "Friends of Georgia" group has been formed, consisting of the United States, France, Great Britain, Germany, and Russia), all this was no easy task. According to the UN's own procedures, it takes at least 24 hours to make amendments to resolutions, and within that time every representative of the Security Council has to contact his country's capital, define its position and receive the necessary instructions, after which consultations are held and only then can the resolution be adopted. But time was too precious... We got the information about the Moscow meeting from Tbilisi on the evening of 30 January, but the session of the Security Council was scheduled for 31 January, and it was necessary to prepare a practically new draft of the resolution that had already been agreed on. Victory was won by our permanent mission to the UN, and all its members, under the leadership of Petre Chkheidze. We worked 24 hours, using everything we could—old and new paths and personal contacts. Fortunately, we achieved what we wanted and needed.

[Question] Batono Aleksandre, what about the resolution specifically?

[Chikvaide] I would single out several important items in the resolution, in particular the UN observers' mission and peace-keeping forces, Georgia's territorial integrity and inviolability of its borders, and the refugees.

The resolution expands the mandate of the UN observers' mission and extends it until 7 March 1994. In addition, the number of observers is increased to 88. And, after the third round of talks planned for 22 February, the General Secretary, on instructions of the Security Council, is to immediately present information on the circumstances which necessitate the deployment of peace-keeping forces in the conflict zone, along with an appropriate, concrete plan.

But the picture will be incomplete unless one very important reality is taken into account. You know that the Georgian delegation, headed by Batoni Jaba Ioseliani, has already had successful talks with the Abkhazian side in Geneva on two occasions. The fact is that the groundwork has been laid for new and qualitatively different principles. Nevertheless, new and, for us, undesirable tendencies emerged from the Abkhazian side, which, from the standpoint of political logic, could have a negative impact on further developments. From this standpoint, the UN's resolution is very timely.



During our head of state's visit to Paris, Batoni Eduard Shevardnadze met with the UN General Secretary, and their two-hour talk became the political litmus test which clearly brought out the further political tendency of the specific situation and, in principle, brought about the passage of the UN's resolution at the time we most needed it. This meeting played a decisive role in turning events to our advantage.

The rest, as they say, was strictly a technicality. It was necessary to get the Security Council members effectively to see our side of the problem. Fortunately, the expected result was not slow in coming.

Mr Butrus Butrus-Ghali already has two plans, which have been examined together with the Friends of Georgia group, with the participation of Mr Eduard Bruner [name transliterated], the General Secretary's personal representative.

The first plan calls for the UN's traditional peace-keeping operation—2,500 Blue Helmets under its command will be sent first to Gali, in the vicinity of the Enguri and the Psou rivers and later to other areas, with a specific mission: to keep the two sides separate, to disarm illegal military formations, and, mainly, to work out firm guarantees of safety for the unconditional repatriation of refugees. The second plan has the same tasks in mind, with the difference that peace-keeping functions will be carried out by armed forces of the countries concerned, while monitoring and control will be provided by the UN observers mission, now increased to 200 men. Of course, it is impossible to make these two plans a reality at one stroke. Activating the peace-keeping forces is a very complex process. Preparations for it will take at least six months, a time in which a concrete plan will have to be worked out as to which country will take part in implementing the peace-keeping operations, and in what numbers. Technical questions will have to be decided, and there is the finance problem, and the various countries' willingness and readiness to activate their troops under UN auspices.

During our UN meetings, opinions and advice were voiced to the effect that the correct thing at first would be to introduce Russian troops into the conflict zone on the basis of a bilateral agreement. Later on, those troops would be joined by troops from other countries.

The UN is looking very closely at Russia's participation in the peace-keeping forces. Russian representative Mr Vorontsov stated directly at a Security Council meeting that it would be unacceptable to change borders by means of armed confrontation, but as for a possible referendum and its results, there can be talk of that only after the refugees are repatriated and the original character of the population has been restored.

[Question] Batono Minister, that kind of attention on the part of the UN is not a new thing to Georgians. There is probably no precedent for passing so many resolutions concerning one country. Can you say something about the possible practical results of this?

[Chikvaidze] Looking at things realistically, today's political reality, the solution to any question requires a political basis, and this resolution does lay that foundation.

After the passage of the resolution, preparations for bringing in the peace-keeping forces should begin.

Emphasis is again placed on Georgia's territorial integrity—at a time when the Gudauta gang is planning to hold a referendum.

It was emphasized that it will be possible to determine Abkhazia's political status only if the sovereignty and territorial integrity of the Republic of Georgia is respected.

For the first time, the resolution has noted and, more important, singled out, our most painful problem—the refugees. Article 11 and Article 12 recognize every refugee's right to a safe return home without any preconditions whatever. The two sides must comply with the pledges they have made and a schedule of repatriation must be drawn up immediately. The resolution denounces the attempts to change the demographic picture, including the illegal settling of foreigners since the conflict. From the political standpoint, these two articles are a great balm to our pain and problems. In short, the mission was accomplished.

[Question] What was the chronology of events?

[Chikvaidze] The Security Council meeting started at 4:30 pm on 31 January. Georgia's representative to the UN, Petre Chkheidze, spoke. He stated repeatedly that the refugees' immediate and unconditional repatriation to their homeland must be the cornerstone of any political solution to the conflict, while any delay could bring about new tragedies and explosions. He was followed by Mr Yuliy Vorontsov, who affirmed guarantees of the principle of Georgia's territorial integrity and the inviolability of its borders.

Great Britain's representative Sir David Henney [name transliterated] made an extraordinary statement in which the swift and unconditional repatriation of the refugees, and cooperation on this matter, was deemed to be a task of top priority to resolve the conflict, a touchstone of the Abkhazians' good will, and an essential precondition of prospects for achieving broad agreement on political problems.

The U.S. representative, Ms Madeleine Albright, said: "My government will not support and is categorically against any half-way measures, for that would mean avoiding our obligations toward the refugees." The U.S. representative's statement, which is not empty words but represents the American government's official position, once more affirms that the international community will categorically reject any precedent of border revision. The same mood dominated most of the speeches. This itself makes it clear that the separatists' aims are doomed from the start.

Abkhazia's attempt to change the demographic situation was denounced by the French and Spanish representatives, Mr Jean-Bernard Merimée and Juan Antonio Yanez-Barnuevo.

The chairman of the meeting, Czech representative Karel Kovanda, denounced the ethnic cleansing launched against the Georgians by the Abkhazians, cast doubt on any referendum initiated by that side (which constitutes a minority in the region), and once again emphasized the supremacy of the principle of Georgia's sovereignty and territorial integrity.



The resolution was passed unanimously.

And so, the world's attitude toward the Abkhazian conflict has been affirmed once more, and it ought to make the Gudauta gang think. Moreover, the Russian Federation's position is also very important; the fact is that the palette of specific political realities linked to the Abkhazian problem is being filled with new, positive colors, in particular from the standpoint of the Russian Federation's attitudes. Incidentally, light was shed on many things by Boris Yeltsin's official visit to the Republic of Georgia. Most important, it brought out a tendency that is very favorable to us: I refer to the unity of the two countries' views, both with respect to global issues and specifically the Abkhazian conflict. It is obvious to the naked eye, nevertheless, that a political settlement and ultimate peace will not be an easy process. A great deal depends on further events and the talks that have begun in Geneva. The main thing is, however, that we are on the right path. The Russian Federation's interest in a unified, undivided Georgia is becoming increasingly apparent. And so, everything depends on our taking the correct political steps.

**Ambassador to Moscow on Relations with Russia**  
*944K0941A Tbilisi SAKARTVELOS RESPUBLIKA*  
*in Georgian 9 Feb 94 p 2*

[Article by Valerian Advadze, the Georgian Republic's Extraordinary and Plenipotentiary Ambassador to the Russian Federation: "To Our 'Well-Wishers'"]

[Text] For several months, someone in Tbilisi has been deliberately spreading rumors that Georgia's embassy in Russia is idle; they have practically implanted this notion in the minds of people who don't know the real situation. Their principle is that a lie that is told fourteen times becomes more convincing than a truth that is told once—but they forget that the truth is a sharper sword than a lie.

The embassy's work has a closed and unseen side which, like an iceberg, is much bigger than what is visible. I will not say anything about it here; diplomacy does not like to be advertised. Its results will speak for themselves.

The main object, the embassy's prime task until now, has been accomplished: two sovereign states—Georgia and Russia—have concluded a major agreement and other agreements; we have created the juridical base for cooperation on an equal footing. This is an historic event in the life of Georgia, and our embassy has made its own contribution.

Now I will say something about the visible part of the work of our embassy and myself as the ambassador. For more clarity, I will cite some comparisons:

The ambassadors of 166 countries are now accredited in Moscow. I can affirm that all of them together in the past 10 months have not held as many press conferences as Georgia's ambassador and embassy have, or given so many interviews to the mass media as Georgia's ambassador and embassy officials have. All of the 166 ambassadors together have not appeared on Russian television as often as Georgia's ambassador has. Those embassies have not made as many statements to the media or sent as many notes (verbal

or written) to Russia's Foreign Affairs Ministry as the Georgian embassy has, concerning our country's most urgent questions.

No other ambassador has done more than Georgia's ambassador to contact, negotiate, and talk with Russia's and Moscow's leaders about our country's economic, political, military, social, and other issues—leaders such as Yeltsin, Chernomyrdin, Soskovets, Shokhin, Shakhrai, Kozyrev, Grachev, Kolesnikov, Gromov, Luzhkov, members of Russia's former Supreme Soviet, and other high officials of the Foreign Affairs Ministry.

No other ambassadors and embassy diplomats in Moscow have had so many meetings and talks with the ambassadors of other countries (including ambassadors of the Big Seven) and embassy diplomats to clarify their countries' position, as have Georgia's ambassador and embassy diplomats.

That is the truth, and if that isn't diplomatic activity on our part, what is?

Now let us talk about other aspects.

No other embassy does more about its country's economy than Georgia's embassy.

No other country's embassy and ambassador (including those of the CIS) has received and entertained so many official, business, unofficial, and non-business delegations, businessmen and non-businessmen, members of parliament, and lower-ranking officials and our own ordinary citizens countrymen (generally without prior appointment, people who happen to be in Moscow), as Georgia's ambassador and embassy have.

All the ambassadors and embassy diplomats of the 166 countries together have not taken in so many refugees as Georgia's embassy has, as many countrymen arriving in Moscow or going to other countries via Moscow, as our embassy has, or had to cope with as many headaches as our embassy staffers.

And that is the truth!

After all that, how can anyone with a trace of elementary human decency say barefaced that Georgia has no embassy or ambassador in Moscow?

Now let's look at the conditions under which our embassy and its staffers have to work.

None of the 166 embassies in Moscow have such poor and wretched conditions in material, financial, and technical terms as does Georgia's embassy. The embassy has lived on charity all year.

Georgia's embassy in Moscow is in fact an embassy's embassy because of Russia's importance to our country. This is where independent Georgia's vital questions are decided. And the workload on the embassy's staffers is many times greater than that of any of Georgia's embassies in other countries, and it is commonly agreed that Moscow holds first place in the world in terms of the cost of living. It costs more to live there.

Hence, Georgia's embassy in Moscow leads everyone else in terms of its importance, its workload, and the cost of living.

And yet, our own government has set salary rates for its Moscow embassy personnel that are only one-thirteenth—yes, that's right—one-thirteenth the rates set for Georgian diplomats in any other country.

On top of all that, none of all the 166 countries' ambassadors and embassy diplomats together have to take as much abuse as do Georgia's ambassador and embassy diplomats in Moscow, which shows how much our work is "appreciated."

That's how we Georgians are!

Enough, I think! Indecency has gone on long enough!

This is not to give the impression that our embassy in Moscow is doing ideal work. It has many shortcomings, and Georgia's head of state has pointed them out, in a spirit of good will, with the desire to correct them.

As for our other "friends," however, we advise them to follow his example and stop abusing the embassy and the ambassador. If they really care about the work of Georgia's embassy in Moscow (and not about the ambassador's chair), let them help it financially and with technical assistance, and if they can't then let them kindly refrain from giving us advice (if they have the ability). Anyway, it won't work for them, because those on whom the fate of the embassy and its personnel depends are not going to listen to idle talk, and this is the only happiness in our hellish work.

#### **National Bank Vice President on Currency Note Problems**

944K0938A Tbilisi SAKARTVELO REPUBLIKA  
in Georgian 28 Jan 94 p 3

[Interview with National Bank Vice President Merab Kakulia by Armaz Sanablidze, Donetsk-Tbilisi: "Economic Passions. A Triptych for Two Ministers and a Vice President"; date not given]

[Text] We began our interview with National Bank Vice President Merab Kakulia by talking about an ordinary detail of the hullabaloo, so to speak, over the 50,000-ruble banknotes.

#### **Even a Priest Will Steal When Hungry**

[Sanablidze] What is the reality behind it? Is it a form of making money with money?

[Kakulia] Let me say that the hullabaloo over the 50,000-ruble banknotes is purely speculative. They are the most "mobile banknotes" in Russia, freely accepted by banking establishments. The officials of Russia's Central Bank wouldn't even dream of taking those notes out of circulation. True, counterfeit 50,000-ruble notes have been printed and have been found in Russia and other republics where the ruble more or less circulates, but that shouldn't have caused such a hullabaloo, because it's easy to determine whether a banknote is fake or not, for it has many protective mechanisms. For example, just look at it in the light; if you see watermarks you can be sure it's genuine. The finish on a fake bill is so bad that it takes little scrutiny to tell the difference.

People won't accept a 50,000-ruble note in Georgia and will exchange it only if you let them keep a few thousand as a commission, so to speak. Making money with money goes on.

We ought to be combatting this in the media, explaining to people that a 50,000-ruble note is a fully valid medium of payment, that it is in no danger. But because our mass consciousness suffers from so much malaise, for various reasons, it will be hard to carry out reassurance work like that. We do have some experience, however. Remember when the exchange offices wouldn't accept dollar bills issued in the 1970s and 1980s? The absurd notion of the "super-dollar"—issued in 1990—spread. The ridiculous claim was that people in America don't like to put those bills in their pocket because they contain so much metal; muggers using a special device can easily detect that kind of capital, and its owner really is in danger of losing it.

When this problem surfaced in Georgia, I asked my colleague in the U.S. Federal Reserve System (although I was certain it was all made up, an official reply would be useful), and his reply was prompt and categorical: all banknotes issued since 1928 are legal tender.

We published this reply and explanation and, believe it or not, the problem was partly solved. Probably the same thing should be done about the 50,000-ruble notes.

[Sanablidze] But there is still a state agency that is supposed to regulate currency circulation. It has been slow to react to this falsehood, which some organizer must surely be behind. Why?

[Kakulia] That agency is the National Bank, but keep in mind also that for us the 50,000-ruble note is foreign currency, and the National Bank doesn't have the means to influence its circulation. At best we can talk to Russia's Central Bank and, by an exchange transaction, have the bills exchanged for smaller denominations.

[Sanablidze] Let me put it another way. Some people think that the transactions which private exchange offices are providing should be taken over by the state.

[Kakulia] I don't share that idea. Until the parliament made changes to existing legislation and allowed legal and physical persons to open currency exchange offices, only authorized banks had that right, including state banks. You'll recall that most banks were not interested in buying and selling currency; they were involved in more "lucrative" business such as refinancing credit resources obtained from the National Bank. Banks which did engage in currency transactions only bought it, and at low rates too. A black market developed in which the currency purchase rate that formed was significantly higher than the one set by the banks and greatly exceeded the purchase rate. In order to correct the currency market it became necessary to set up an extensive network of exchange offices. We can say now that the currency black market in its traditional sense is no more. The buying and selling of currency goes on primarily in the exchange offices. But a great many of them can't meet standards, although that too is being dealt with in the course of reinforcing state order.

Still, the exchange offices' role would be greater if the coupon really did function as the sole legal tender in Georgia.

[Saneblidze] That was my next question—parallel currencies and the fate of the coupon.

[Kakulia] Let's look this way at the idea of two currencies with parallel circulation in our country. There is a generally acknowledged law of money circulation—a strong currency will drive out a weak one. This is happening before our eyes: the ruble (to say nothing of the dollar) is driving out the coupon. In every case, then, officially allowing parallel circulation will step up the pace of coupon avoidance. Meanwhile, most of Georgia's citizens receive their pay in coupons. You can imagine what will happen: our people's earnings will lose any economic meaning and lead to a social explosion.

As for the coupon's fate: is there a way to assure its status as the sole legal tender? Look, here we are in Ukraine, which is also having a hard time. Even the local karbovanets [Ukrainian ruble] is not much firmer than our coupon. There was a time when our coupon's exchange rate was more solid than that of the Ukrainian currency, and yet the karbovanets is still the sole legal tender. In all this big country you can hardly find a store that does its trade with rubles or dollars. If you have foreign currency, say rubles, in your hand, you have to change it at an exchange office. I repeat, the karbovanets's exchange rate is falling fast, yet currency regulations are not being broken—because that carries an appropriate penalty that is enforceable by law, and people have a national self-consciousness that the karbovanets is a symbol of.

I think that with the proper state approach, we can make the coupon the sole legal tender in Georgia as well. I'm encouraged to think so by the fact the coupon's status in the outlying areas is not as shaky as it is in Tbilisi. We have to take prompt steps to save the coupon.

First of all, we have to institute a legal mechanism of liability for violating currency regulations in Georgia. Despite repeated demands by the National Bank, we haven't been able to get changes made in the laws to impose stiffer penalties for engaging in retail trading and services with foreign currency. As it is, the control agencies are virtually powerless against currency violators. We need to institute harsh penalties and fines.

Don't get me wrong: I don't think administrative methods are the only way to expand the coupon's circulation area. We have to try to achieve domestic convertibility of the coupon, for the Russian ruble at least, so we can import the resources we need so badly and get our factories going again.

[Saneblidze] But how do we do that?

[Kakulia] We can do it. Remember the Russian troop contingent in Transcaucasia and the Military Field Bank that serves it? That bank can legally bring billions of Russian rubles into Georgia. Why not conclude an intergovernmental agreement with Russia stipulating that money allocated to Russian servicemen on our territory be exchanged for coupons at the ruble's current exchange rate? That way the banking system can build a certain ruble reserve, which will enable to National Bank to set a more or less stable rate for the ruble.

Again, domestic convertibility of the coupon could be greatly fostered by the billions of rubles which legal persons in Georgia have hidden in the former Soviet republics. A leading role in this illegal activity is played by enterprises in the state sector which export their goods to neighboring countries and then keep their earnings there. They are, to be sure, solving some of their own problems that way, but they aren't thinking about how Georgia is to pay for its natural gas, electricity, raw materials and supplies! It would be very easy to toughen up export controls. We need to improve our licensing and customs mechanisms. The banking system is already able, by means of corresponding accounts, to obtain the funds it has coming to it from foreign and neighboring countries.

[Saneblidze] What about the 32-percent tax?

[Kakulia] Every country has hard-currency reserves forming the basis for stabilizing its monetary system and developing its economy. They are formed from hard currency earnings held by the country's residents. Thirty-two percent of these earnings are to be sold to the state, of which 22 percent goes into the republic and local currency funds and 10 percent goes to the National Bank to stabilize monetary circulation and the exchange rate. It's not actually a tax, because in exchange for the 32 percent of earnings, enterprises and organizations receive the coupon equivalent at the market exchange rate.

[Saneblidze] If Georgia joins the ruble zone, will it perhaps solve a lot of these problems?

[Kakulia] Yes, but do we know what the ruble zone is? The Russian side hasn't even figured out yet how to incorporate the Belarusian monetary system—and Belarus has much better macro-economic indicators than Georgia, or any other former Soviet republic except the Baltics. Any talk of the ruble zone will require detailed information regarding what conditions the ruble-issuing country—Russia—will set. The seven conditions I found out about in the press are not very sound, to say the least.

[Saneblidze] To sum up, what is most needed today?

[Kakulia] It's hard to put it in a nutshell, but—we have to save the coupon. We can only do it if we can achieve the domestic convertibility of foreign currency. This will require getting Georgia's export earnings into Georgia's banking system. We also need to severely restrict credit emissions and thus create the conditions forming a real exchange rate for the coupon. Slowing down the coupon's slide will create conditions to improve the overall macro-economic situation.

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So these are the thoughts of a banking professional. Nothing can be done with one stroke, apparently, and being hasty is like the floundering of a man in quicksand—the harder you struggle, the deeper you sink into the muck.

But as you can see, there is hope, and, thank God, it is serious hope, not a twisted rope.

Meanwhile, sad to say, even a priest will steal when hungry.



## ESTONIA

**Finnish Paper Examines Banking Crisis**

944K0956A Helsinki HELSINGIN SANOMAT  
in Finnish 14 Mar 94 p B 8

[Article by Jorma Rotko: "Estonian Government Scuttles Large Bank by Transferring State Transactions"]

[Text] Political disputes show in money market arrangements. Estonia's largest bank, Eesti Sotsiaalpank, is running into difficulties, since the Estonian Government decided to transfer the country's budget funds to other banks.

The handling of state funds has resulted in an annual cash flow for the bank of more than 5 million kroons, and about a third of the bank's approximately 1-billion-kroon balance sheet.

"Ruthless political maneuvering," commented Rein Miller, the bank's CEO and former Estonian finance minister. Heiki Kranich, the current finance minister, denies any political motives, but without being too convincing.

And from the viewpoint of the ruling right-wing Estonian Government, the Sotsiaalpank is a very suspect institution. It was founded during Gorbachev's era of perestroika, by transferring functions from the Soviet state bank.

When the USSR collapsed, the bank was privatized and was changed into a corporation. Its capital stock amounted to 2.1 million kroons in rubles. State enterprises held 98 percent of the shares, which at that time were controlled by Russians.

Since then the capital stock has increased to 51 million kroons. Although capital holds no national allegiance, experts claim that Sotsiaalpank is the financial institution where Russian businessmen keep their accounts.

And this is not all: Rein Miller and Arno Allman who manage the bank, were both solid communists in the past, and, in addition, Miller also acted as finance minister in the governments of Edgar Savisaar and Tiit Vahin, who are archenemies of the current government.

**The Bank May Go Under**

During the last few years, a number of Estonian banks have failed. The largest of these was Tarto Kommertspank.

Contrary to what seems to be customary in Finland, the government does run with its money bags to the rescue of the banks. Not even deposits are guaranteed, and, as a general rule, when the banks have gone bankrupt, the depositors have lost every kroon they saved. This has created a wary attitude in Estonia. Many people are hoarding their savings at home, and accounts empty quickly if any suspicions are cast on a bank's liquidity.

Finance Minister Kranich vehemently denies that the government's intent is to bankrupt Sotsiaalpank. Not everyone believes, however, in the benevolence of the government. Two members of the parliament have questioned the government on the matter.

According to Finance Minister Kranich, the government has not yet decided on the timetable for the transfer of the state's funds to other banks. Originally it was to happen quickly, but as the bank demanded more time, the government appears to be willing to allow it a transition period of a few months.

Sotsiaalpank has proposed that it would be allowed to share the management of budget funds with the other banks. This request will probably not be granted, as the government decision unequivocally stipulates that state funds be transferred to other financial institutions. These banks are the government owned Pohja-Eesti Pank, Uhispank, and Hansa-Pank.

**Where Is the Money Laundered?**

A lot of criminal money circulates in Estonia, but it moves in small lots. There are still no laws preventing money laundering, and bank secrecy is on a level equal to Switzerland.

Kaupo Pollisinski, head of the information department at the Estonian Central Bank, is of the opinion, however, that money belonging to major international criminals is not laundered through Estonia:

"Such money laundering starts from amounts of 10 million dollars. The entire Estonian economy is still so small that if such an amount were to emerge on the market, it would be noticed immediately. Smaller crooks, of course, launder their money, but this is not of the same scale as is usually understood by international money laundering."

Rein Miller, CEO of the Sotsiaalpank, said that the bad news has not affected deposits to the bank.

During the month of February, when the government's decision had already been made public, private individuals deposited a total of 7 million kroons in funds in the bank. In the view of one expert, this says something about both the bank's owners and its customers: Future problems have only been discussed in the Estonian language press, and no mention of it has been made in Russian newspapers.

**Hard Struggle**

Rein Miller did not want to discuss the issue of the nationality of the bank's owners, but he claimed that there was no foreign capital invested in the bank. It is impossible to verify this information, as in Estonia information about business ownership can only be acquired through court orders.

Sotsiaalpank has launched a strong counterattack and is demanding that the issue of placing budget funds should be decided through competition among the banks. The bank has also appealed to the International Monetary Fund, which certainly is interested in how capital is moved around in Estonia.

In CEO Miller's view, the whole issue boils down to the fact that Sotsiaalpank is not under the control of the government's right-wing faction in the same fashion as the three banks to which budget funds are being transferred.



Finance Minister Kranich, on the other hand, claims that the government does not want to cause problems for the bank:

"The government decision has obviously been painful for the bank, and the bank management has created such public commotion that it could scare away depositors," said Kranich.

The first strike by the government was launched as early as last summer, when the Social Fund was removed from the administration of Sotsiaalpank. Through the fund, 2.1 billion kroons was funneled annually. However, the decision was not made by the government, but by the Board of Social Welfare and Health.

Economic circles in Estonia are now watching with interest to see if the "red bank" will be able to survive the next punch. If bankruptcy starts to rear its ugly head, no support from the public sector can be expected.

**Finnish Daily on Russian Minority's Views, Goals**  
944K0897A Helsinki HUFVUDSTADSBLADET  
in Swedish 9 Mar 94 pp 1, 3

[Article by Elisabeth Nordgren: "Waiting for the Good Old Days"—introductory paragraphs in boldface as published]

[Text] All indications are that a fifth column is being built up in the Baltic states. Talks on the withdrawal of Russian troops from Estonia and Latvia have come to a standstill, and Russian military forces totaling some 5,000 men are still in those two countries.

The several tens of thousands of retired officers living all over the Baltic states are also staying prepared for an emergency.

In addition, even very young Russian officers are being pensioned off at a fast pace just now so that they can stay in Estonia and Latvia as civilians.

Since unemployment among the Russian residents is also high in those countries, discontent is on the rise.

Another result of the worsening economic and social situation for the Russian population in the Baltic states is that over half the Russians here voted for the extremist Zhirinovskiy in the last Russian parliamentary elections. Since those Zhirinovskiy supporters want the Soviet Union to return in one form or another, this also means that the Baltic states would be incorporated into that Greater Russia.

Today HUFVUDSTADSBLADET is beginning a series of articles examining the situation of the Russian population in the three Baltic states. The first country we will look at is Estonia.

The assembly hall at the Russian Officers Club in downtown Tallinn was chock-full. Close to 1,000 people, most of them elderly and resolute Russians—pensioners, the unemployed young, Russian war veterans, and retired officers—had gathered to discuss their rights, housing problems, and pension issues. The galleries were also full. There were no vacant seats left for all those pouring in later. Also present

on the podium was a representative of the Estonian Government. An excited and tense mood prevailed in the hall, where there were many supporters of Zhirinovskiy.

Nikolay Stepanov, a retired officer who is chairman of the Officers Club, complained about the intolerable situation of war veterans.

"We have a hard time not only economically but also socially. The two military hospitals that used to be here have been turned over to the Estonians. And now it is expensive to go to the hospital. There is nothing left. And our recreational hotel is gone."

Stepanov is one of many typical examples of how the former Soviet military have ended up in a no-man's-land where they have been "forgotten" by the Russian Ministry of Defense, which is not paying officers' pensions. But neither is it up to the Estonian authorities to take responsibility for those tens of thousands of military who represent a foreign power but are staying in the country camouflaged as civilians.

#### **Fifth Column in Baltic States**

It looks as though Russia is using that strategy to create a fifth column in the Baltic states, since younger and younger officers are being retired and settling in the Baltic states as civilians.

In fact, it is the retired officers who were stationed in the Baltic states who feel that they have lost the most as a result of the Soviet Union's collapse.

But it is not just the Soviet Russian officers who have been stripped of their privileges. The officers' wives also feel harmed. They have lost their priority status in access to housing and in lines at the shops. Tatiana Lasuvkina, an officer's wife who was born in Sebastopol, lived at a military base in Latvia, and now lives in Estonia, is worried that she will lose her apartment. In the Soviet era, officers were always given the best apartments in the countries where they were stationed. And now they do not want to relinquish those apartments to Estonians. In addition, the Soviet Union allowed its retired officers to choose the country they wanted to live in as pensioners. This made Estonia, with its high standard of living compared to the rest of the Soviet Union, one of the countries most popular with retirees.

Moreover, the fact that over half of the Russian population living in Estonia (600,000 people, including the military) voted for Zhirinovskiy in Russia's latest elections makes this a good breeding ground for the kind of invasion of Estonia that Zhirinovskiy supporters are campaigning for. And now things have also grown more difficult because the talks between Estonia and Russia regarding the withdrawal of Russian troops from Estonia have broken down, and Estonia and Latvia are both being threatened with economic sanctions if the Russian population's situation in both countries does not improve.

#### **Zhirinovskiy: Savior in Time of Need**

Piotr Mihailovich Rozhok, the leader of Zhirinovskiy's supporters in Estonia who is now under indictment for

inciting rebellion against Estonia, is awaiting trial in Tallinn. Rozhok himself says he is working for equality and is not guilty of breaking any laws.

"I don't understand what I am being tried for. I have never been guilty of incitement. But I have always defended the Russian population's rights here in Estonia. The most important thing for me is that Estonia's inhabitants should be equal."

Under Estonian law, Zhirinovskiy's Liberal Democratic Party cannot operate in Estonia, but Rozhok maintains that the party's principles are spreading through the country. Rozhok is betting on Zhirinovskiy because he stood up and defended the Russians' rights in Estonia.

"Our common principle is defense of the Russians' interests. Now, of course, the Russians have been completely humiliated. The Russians are being exploited more than any other minority here in Estonia. We pay 55 percent in taxes in this country, but where does the money go: What is the money used for?" Rozhok wonders.

Rozhok is 100-percent certain that Zhirinovskiy will be Russia's next president after Yeltsin, and he also says that the Russian presidential election is going to be held as early as this fall.

"Those who oppose Yeltsin have already shown their strength. And the Russian people will never forgive Gorbachev and Yeltsin for what they did to the Soviet Union and Russia."

Rozhok also says that the Baltic states will become part of Russia because they cannot survive without Russia.

"We will appeal to the Estonian people for Estonia's connection with Russia," says Rozhok, who threatens an economic blockade of Estonia if the country violates human rights.

#### **Zhirinovskiy Supporter—and Unemployed: 'No Equality in Estonia'**

Out in the Tallinn suburb of Mustamäe lives the young Ilitskiy family. Andrey Ilitskiy, the father, is a Zhirinovskiy supporter who has been unemployed for a year and a half. His wife Irina, who is of Estonian-Russian background, works as a kitchen maid at a hospital. Their daughter Olga, eight years old, goes to a Russian school, and the youngest girl, three-year-old Katia, goes to a day nursery.

Andrey Ilitskiy was born in Estonia but cannot speak Estonian. Nor has he bothered to seek Estonian citizenship; instead, he keeps his Russian passport. That is his way of protesting.

"There is no equality in Estonia," says Andrey. "But I still want to keep on living here. My friends are here, this is where I grew up, and I don't know if things would be any better somewhere else."

#### **For Russian-Estonian Understanding**

Ilitskiy dreams of an Estonia where the Russian and Estonian residents can live in mutual understanding. He also feels that Russian should have official status as the

second national language. The Russian population should also be given Estonian citizenship automatically, with no language test or waiting time required.

The Ilitskiy family's two daughters speak Russian to their father and a little Estonian to their mother. But otherwise, the family "lives" entirely in Russian and does not read Estonian newspapers. Wife Irina grew up using both Russian and Estonian (her father is Estonian) and went to the Russian school. Now the Estonians do not want to pay for Russian-language schools, Irina says. Schools and day nurseries must both be paid for by the parents themselves. Nor is Russian-language higher education available any longer in Estonia.

In the hospital kitchen where Irina works, there are both Estonian and Russian employees. Irina points out that there has been harmony between Estonians and Russians. But the new chef wants to get rid of the Russian employees.

Andrey formerly worked as a technician at the Volta plant with its 2,000 employees. He was also deputy chairman of the union. The Volta plant is typical of the Moscow-run plants from the Soviet era that have been taken over by the Estonian state and now operate at half their capacity. The result is that many Russian workers are now unemployed.

#### **No Job Without Estonian-Language Proficiency**

"It is really hard to find a job here in Tallinn," says Andrey. "And when I go to the employment office, I am immediately turned away because I can't speak Estonian. In fact, the language issue caused me to miss out on a night watchman's job that I had my eye on. Also, my Russian name does not go over well."

In the meantime, Andrey works at odd jobs, but mainly the family lives on what his wife earns. Since there is also no unemployment insurance to speak of and food prices and rents have gone up, times are hard for the Ilitskiy family. The Ilitskiys currently pay 500 Estonian kroons (about 200 markkas, or nearly half the average monthly wage) in rent, but they have left the heating bill unpaid.

"Tomorrow is shrouded in mystery, and I don't believe I will find a permanent job for a long time. But I try to survive day by day."

The apolitical Russian Social Foundation has now been established by the Russian residents to try to collect funds for those in need. Since there is no Russian representative in the Estonian parliament, it is difficult for the Russian residents to protect their interests, even though there are 27 Russian members of the Tallinn City Council. But Andrey is hoping that the parliamentary elections a year from now will change things. He also believes that Zhirinovskiy will speed up the negotiations with Estonia regarding increased assistance for the Russian residents.

"Unfortunately, Russian-Estonian cooperation has ended, but thanks to Zhirinovskiy's Estonian colleague Piotr Razhok [spelling variation as published], Zhirinovskiy is well informed about what happens here."

According to Andrey, the tense situation for Estonia's Russian population is what drove the people to vote for extremists.

"It is not the Russian population, but the Estonian Government that is responsible for the fact that we voted for Zhirinovskiy and now find ourselves in this situation. But at least there are a few Estonian members of the Estonian parliament who are trying to do something for the Russian population."

Certainly Andrey Ilnitskiy does not believe there will be another Soviet Union, but what he does believe in is a trade alliance between Russia and Estonia that will preserve Estonia's sovereignty.

**Rural Central Faction Threatens To Leave Coalition**  
*944K0902D Tallinn PAEVALEHT in Estonian*  
22 Feb 94 p 1

[Article by Marek Dreving: "Rural Central Faction Threatens To Leave Government Coalition"]

[Text]

Estonia's Rural Central Faction (EMKE: Eesti Maa Keskerakond) will have to decide—whether to stay in the government coalition or join the opposition—within the time period between the congress of rural people, and the meeting of the faction's general council scheduled for May 28, said Ivar Raig, EMKE chairman and member of Riigikogu [Estonia's parliament], at a press conference that followed the session of the faction's central council yesterday.

"Once again, we are getting signals that the interests of the rural people are being ignored. The latest example of that is the fact that the finance ministry has not allocated any money to the agricultural ministry for paying social stipends to students at agricultural-technical schools," Ivar Raig said.

"If the government does not, in the near future, pass measures aimed at protecting rural residents and guaranteeing them a stable life, EMKE will join the opposition," Ivar Raig said.

Ivar Raig also said that agriculture minister Jaan Leetsar is ready to resign, in case the faction joins the opposition. At the same time it would be difficult for the faction to recall reform minister Liia Hänni who has made a great contribution to speeding up reform, according to Raig. He also said that the faction is trying to find a political reason for recalling the agricultural minister only.

EMKE also discussed, once again, the possibility of forming its own faction in Riigikogu. During the year-end government crisis EMKE announced that it will not join the opposition for three months. "Soon, there will be no other alternative for expressing our political identity than forming our own faction, like the liberals did," Raig said.

He said though that there was no hurry for forming a faction, because EMKE will be short one delegate, and that forming a faction could not take place until April or May.

Raig noted that the rural population is the biggest loser in reform politics, and that new ground is being gained for solving the differences in the political views of rural factions, which fosters hope for a bigger representation for the rural population in the new Riigikogu. The central council of the faction authorized the board to intensify negotiations with the Farmers' Council, the Rural League and the League of Lawful Owners regarding the formation of a possible election alliance.

EMKE is also seeking substantive reform of the government, and wants the Ministry of Agriculture to be changed into the Ministry of Rural Economy, which would include specialists dealing with the production of Land, Forest and Fishing Offices, now reporting to the Ministry of Environment.

Reform minister Liia Hänni said that the government has agreed to the EMKE proposal for carrying out a substantive reform of government and its structures, but this has been held up by the law for organizing the government. "Right now, unnecessary tensions and discussions are being generated that can put the government to a test, internally," Hänni said. She added that it is necessary to work out a more specific structure for ministries and district governments.

Hänni mentioned that since the government coalition had found no common positions on protecting the domestic market and on the income policies of agriculture, even at the time the coalition agreement was reached, EMKE has found itself at odds with the rest of the government coalition. She thinks, however, that any juxtaposition of rural residents against their urban counterparts should be avoided.

About her possible resignation, Hänni said that whenever the issue of EMKE's joining the opposition comes up, she will make up her mind. So far, she has not had to face that issue.

**Border Guard Chief Reviews 1993 Border Violations**  
*944K0902E Tallinn PAEVALEHT in Estonian*  
22 Feb 94 p 3

[Article by Toomas Sildam: "Estonia Does Have a State Border, After All"]

[Text]

At a press conference held yesterday Tarmo Kõuts, executive director of the Border Guard Service, said that last year 11.3 million persons were checked crossing the borders of Estonia, 29,827 of whom were sent back, because they did not have a visa or other necessary documents. Between check points, 2,562 persons were caught—for visa violations or illegal border crossings. At the same time, illegal merchandise valued at more than 3 million kroons (calculated at state prices) was seized.

More than 1,300 persons were sent out, who had been here illegally. Border guards discovered 640 falsified passports.

"Last summer at the port of Tallinn, for example, three Kurdish refugees presented such expertly crafted Polish



passports that they were being used for the third time 'around.' Or let's recall the story of how some Kurdish refugees showed up at the check point at Ikla, equipped with genuine Latvian passports showing Azerbaijani as their nationality," said Tarmo Kõuts, executive director of the Border Guards Service.

There are 38 check points (12 a year ago) along Estonia's borders, employing 2,446 persons. "Last year, their average monthly salary was 871 kroons. Despite the old Estonian saw: Let the wages match the work, we are still trying to maintain: The work first, and wages later principle, but..." Tarmo Kõuts mused, recalling a current truism: "A cheap state official is the most expensive kind."

Last year, however, the government did approve the concept of border guard, the decree for the Border Guard Service and, since February 1 of this year, the new structure of border guard has taken effect. But the biggest problems, supposedly, are still stemming from gaps in legislation. Thus, Estonia does not have a border law ("We hope it will be passed this spring," Tarmo Kõuts said optimistically), and a border guard law.

The legislative vacuum can lead to absurdities, where people involved in the illegal transport of Kurdish refugees cannot be punished.

Thus, on October 25, 1994, a party of Kurdish refugees was taken aboard the Vessel Vironia from Pirita to the port of Lindigö in Sweden. A criminal suit was filed against the sailors, but the Tallinn City Court cleared them of charges, because Estonia did not have legally fixed state borders... During the night before October 27, 1992, 129 Kurdish refugees were taken to the Bornholm island of Denmark aboard vessels Lyly and Meotida. Two weeks later a criminal suit was filed, and dropped on June 27 last year, again for lack of a "legally fixed state border"... On February 2, 1993, the Vessel Revalia took 108 Kurdish refugees to Helsinki's Suomenlinna. The criminal suit was dropped on June 30...

The border guards are very optimistic about the court case coming up for March 7. In it, two men are accused of trying to take 24 Kurdish refugees from Tallinn to Finland on a vessel called Orbiit.

Tarmo Kõuts believes that: "Border guards will already start to benefit from the law on surveillance activity passed this week, which will enable us to gather information about events happenings in the border region, instead of relying on police all the time."

About the incident of 66 Kurdish refugees discovered in a refrigeration van on board the passenger ferry Estonia last Saturday night, we now know that, according to preliminary data, 16 of these people had left the camp at Harku secretly. The rest of them presumably came to Estonia at the beginning or middle of last week, and had been hiding somewhere near Tallinn. How they crossed the border (both entering and leaving Estonia), will be explained by the heads of different government agencies. At any rate, yesterday morning there was a meeting dealing with this at the Ministry of the Interior that will be continued next Monday.

### Declining Birth Rates Linked To Market Economy

944K0902C Tallinn PAEVALEHT in Estonian  
21 Feb 94 p 2

[Article by Lembit Tepp: "Twice As Many Die Than Are Born in the Cities"]

[Text]

One result of the confusion caused by Estonia's transition to market economy is the sudden drop in the nation's birthrate and an increase in mortality. After 1988, the number of births started to decline rapidly. In 1989, compared to 1988, 768 fewer children were born, in 1990, this number was 2,752, in 1991 5,740, in 1992 7,071, and in 1993 as many as 9,757 fewer children were born.

The number of children born in 1993 made up only 61 percent of the 1988 figure.

(This is, however, a preliminary figure and could be revised somewhat). At the same time, the number of deaths, compared to 1988, was up by 1,079 in 1990, by 1,154 in 1991, by 1,554 in 1992 and by 2,695 in 1993. The difference between the numbers of births and deaths, or the natural population growth, has been going down steadily after 1988, and became negative since 1991. When the nation's total population grew naturally by 6,509 people in 1988, by 5,762 people in 1989 and by 2,778 people in 1990, then, in 1991, the population decreased by 385, in 1992 by 2,116 and in 1993, based on the birth and death registries, by 5,943 people.

A sudden drop in the birth rate occurred at the beginning of 1993, a significant increase in the number of deaths, compared to data for the same months of previous years, occurred during the periods from March to April and from June to September of 1993, and during the last months—November and December, of 1992 and 1993. When in 1991, the number of deaths registered for the months of December exceeded the number of births for the same month 1.3 times, and for December of 1992 1.5 times, then, in December of 1993, this factor was more than 1.9, and as high as 2.1 in the cities. In January of 1994, also, the number of deaths exceeded the number of births by a factor of 1.7. Locally these figures were 2.6 for Narva, 2.2 for Pärnu, and more than two times for Tallinn and the eastern Virumaa district. Should such a trend continue, or even stabilize, Estonia's population will diminish by one half within one generation.

The reasons for this phenomenon are not found in the family, but in contemporary economic policies, that are causing:

an ever-widening gap between the income of most of the population and the prices of vital goods,

which has an especially painful grip on low-income families, unemployed and under-employed persons, and the elderly and handicapped. What can a married couple offer to their children if the take-home pay of the head of the family goes almost entirely for under-heated housing and a market



basket limited to physiological necessities. But what happens if the spouse has to stay home with the child?

When, during 1992, the state was trying to prevent the situation for these groups from worsening by offsetting the rising cost of living through repeated increases in minimum wages—on which depend the amounts for child support, unemployment and retirement benefits then, since October of 1992, the minimum wage has been frozen, along with child support and unemployment benefits, as well as support payments for the handicapped and the elderly. At the same time, prices of food items and necessities have been going up steadily. When the cost of a market basket to meet the minimal physiological needs of a person (which contains 7.6 kg of bread, 1.5 kg of sugar, 9.2 liters of milk or kefir, 300 gm butter, 600 gm cheese, 2.3 kg meat, 600 gm vegetable oil, 15 eggs, 6.1 kg potatoes, 9.2 kg vegetables and 1.5 kg fruit a month) was 136 kroons in October of 1992, when minimum wage was established at 300 kroons a month, then, in December of 1993, it was 252 kroons, or up 1.85 times. When, in October of 1992, state child support (90 kroons a month) could buy 0.66 minimum market basket's worth of food, then, in December of 1993, that figure was only 0.36. Up, in particular, are the prices for foods containing animal protein and vitamins, which are especially important for a growing child.

In January of 1994, compared to October of 1992, prices had gone up for pork 2.4 times, poultry and beef 2.1 times, beef liver 3.5 times, grade I cooking sausage 2.3 times, higher grade cooking sausage 2.0 times, higher grade liverwurst 2.5 times, blood sausage 2.8 times, cottage cheese more than two times, cheese more than 1.8 times, eggs 2.3 times, smoked and canned fish more than 1.8 times, canned soups with meat 2.5 times and without meat 2.4 times, green peas 1.8 times, bread made out of grade I wheat flour 2.9 times, and bread made out of higher grade wheat flour 2.3 times, rye bread close to 3 times, barley bread 2.3 times, string spaghetti 2.7 times. More conservative increases were noted for pasteurized 2.5 percent milk at close to 1.5 times, butter and sweet cream 1.1 times, sour cream 1.2 times, kefir 1.7 times, fresh fish 1.2 times, potatoes 1.1 times, carrots, 1.2 times, local apples 1.3 times, raisins 1.2 times, farina 1.4 times, lemonade close to 1.5 times, soft candy 1.1 to 1.5 times. Prices have dropped for sugar, coffee, buckwheat, rice and citrus fruit, which had been particularly high for a while.

Prices have also gone up on children's clothing, footwear, school supplies, medications, and community and other services geared to children. Prices for street shoes for children have gone up 2.8 times, children's sneakers 2.9 times, underwear 2.4 times, children's dresses 1.7 times, children's cotton socks 1.9 times, tights, 1.7 times, children's sandals 1.5 times, jackets 1.4 times, notebooks 1.7 times, and school lunches more than 1.4 times. Prices of medications have gone up 3.1 times, on the average. Nursery school fees have gone up 1.5 times, electricity 1.9 times, warm water 1.3 times, cold water 2.7 times, and sewage fees more than 3 times, for which children are charged at the same rate as adults. The cost of a three-room dwelling has already reached twice the amount of both

minimum wage and the average pensioners' benefit for a month. Communal fees charged on children also exceed the state benefit for child support.

**Prices of Goods Are Approaching World Market Prices, Even for Domestic Production**, even though our wages are 15 to 20 times lower than levels prevailing under world market pricing. It would be interesting to know who pockets the difference? For a great portion of the population, the purchasing power of the kroon has gone down to almost one half, but no compensation has been planned, since rescuing a drowning person is up to the one drowning.

In this situation, young people have chosen to avoid both marriage and childbirth, which cuts down on state expenditures on child support. Proceeds from the rising prices of items consumed by children have helped to meet the state's budget.

Since 9,757 fewer children were born in 1993, than there were in 1988, the state saved 8.8 million kroons on one-time birth support, while support payments to mothers also went down by 42.2 million kroons. And, since after the year of 1989, 25,000 fewer children were born overall, the state saves at least 27 million kroons a year on child support. The recent increase in child support by 25 kroons for the second child and by 50 kroons for each child thereafter, does not save the population from economic genocide. Besides, the number of second children born is down to half of what it used to be, and the birth of a fourth child or beyond a rarity, indeed.

#### **Plans For Development of Tallinn Port Reviewed** *944K0902B Tallinn PAEVALEHT in Estonian* *16 Feb 94 p 13 (Business Supplement)*

[Article by Urmo Kohv: "Port of Tallinn Developing in All Directions"]

[Text]

For the coming year, according to Peeter Palu, executive director of the Port of Tallinn [RE Tallinna Sadam], there are two major tasks facing the company: To increase the handling of goods up to 10 percent, and to secure financing for expanding the Port of Muuga. The financial and economic indicators for the enterprise show that last year's biggest increase occurred in the area of passengers, and that goods in transit accounted for the biggest part of the volume. Last year's net volume turned out to be 790 million kroons, which exceeded the 1992 figure by more than two times.

"In addition to passengers, last year's increase in volume showed up in practically all categories of goods," Peeter Palu said at his meeting with the media.

The company's total volume of goods handled in 1993 was 12.5 million tonnes (a 17 percent increase). The principal business of the Port of Tallinn—the republic's export-import and the volume of goods in transit (through the Midtown and Muuga ports) increased by 29.5 percent the last year. The bulk of commercial hauling is made up of goods in transit (79 percent), as most of the loading volume is made up of grain (36 percent). Last year's biggest increase (200.1 percent) occurred in the area of liquid cargo.

Palu said there was a significant increase in the handling of goods at all the ports. The Midtown port, which had been suffering from a gradual erosion of coastal traffic, had a 30 percent increase in export-import and goods in transit. There was also a 25 percent increase at the Muuga port, and a 49 percent increase at the port of Kopli. "This year, we consider it realistic to secure an increase of 8 to 10 percent in the area of handling goods," Palu said.

Last year, 2,256,000 passengers went through the Port of Tallinn (a 68 percent increase), in previous years these figures were 1,341,000, 900,000 and 400,000 respectively.

#### **The Midtown Port Will Become a Passenger Port**

"Our projections call for 5 million passengers in the future," said Palu, adding that this figure is expected to be reached before the end of the century. "With this in mind, we have concentrated our efforts on developing the Midtown port facility into a real passenger port."

The passenger terminal at the Midtown port is currently being expanded, which has resulted in a 50 percent increase in the available area, so far. The second floor of the two-story terminal is going to house offices for the border guard and customs services, while the entire first floor will serve as the waiting room and check-in. Depending on the departure area of the ship, the terminal will be open at two ends. At the moment, finishing touches (installation of elevators and escalators, etc.) are being added to the terminal, due to be completed by May.

Last year saw the completion of a digital telephone system connecting the ports, using Siemens technology. This year's planning calls for further development of the information system, and for implementing the radar-based navigational project. The latter will be installed not only at Midtown, but also at the Muuga and Kopli ports. Palu said that these radars can also be used by the border guard.

#### **Midtown port To Be Connected With Old Town**

Most of the piers at the Midtown port have been repaired and paved and, by the end of the year, proper port gates will be completed, along with construction on pier 17. Palu said that the main objective is connecting the Midtown port with the Old Town, and this is why agreements are being sought for demolishing all the little-used structures within the port's territory. So far, a swimming pool and a workshop have already disappeared from view. The admiral's pool building, however, is being remodeled into a terminal for smaller ships, where big yachts should have access as early as next year.

The matter of getting rid of the concrete plant next to the town hall, that has been awaiting resolution for 15 years is, for the time being, snagged in what seems like an endless court battle (the plant, for example, is still part of the Gosimushestvo listing as property belonging to Russia, while the plant's administrative owner AS Meekam is listed as one of the creditors of the now defunct Commercial Bank

of Tartu). The plant making foundation blocks has incorporated some property belonging to the Russian army and, according to Palu "no clean moves" have been made there up to this day.

#### **Kuwait Counts on the Business Project of the Muuga Port**

"Our primary task this year is financing the expansion at the port of Muuga," Palu said. "We sent Kuwait a business plan in December and, according to the reply received, Kuwait's fund is counting on the project proposed, and on financing its infrastructure, which is close to half the cost of the total project. Right now, we are doing profitability studies on the infrastructure, according to Kuwait's specifications, which we hope to complete within a few months, so that we could give specific answers to questions asked by the investors."

Financing for expanding the port at Muuga, however, is not being discussed with Kuwait only. Negotiations are also under way with the European Investment Bank, the World Bank, and other international credit institutions. "Financial matters are firm only once the money has been received," Palu remarked.

Construction is now going on at the Muuga plant for an idea long in the making—a warehousing facility for the transit of cotton coming from Central Asia. Pier 6, now under construction, is intended for handling coal (with help from the port of Kopli, efforts will be made to further reduce the mountains of coal accumulating on the piers of the Midtown port). Currently, the transport of coal through the Midtown port has dropped from 3 million tonnes to 1.1 million tonnes (partially due to reduced coal exports from Russia). A considerable increase, however, has lately been noted in the transit volume of metal through the Muuga and Midtown ports.

#### **Ten Offers Received For South Port of Paldiski**

Palu said that, as of today, 10 project proposals have been received in the bidding to rent out the South Port of Paldiski. Of these proposals, three call for a processed crude oil terminal, one for hauling scrap metal, one for metal exports and the rest for expediting timber and gravel exports.

"Before the port's administrative council can make a decision, work will have to be completed on the piers, along with depth studies. The primary criteria for evaluating business plans will be utilization of local labor, and guaranteeing environmental safety," Palu said.

Still, building a proper commercial port at Paldiski would require big expenditures, since not only the railroad, but also the highway and existing structures and communications are in a bad shape and need to be replaced. The most valuable part of the port is thought to be the 360 meter-long breakwater and the favorable natural conditions (Paldiski is one of the two completely ice-free ports in Estonia). The water depth of the South Port, at the mouth of the bay, is 10 meters, diminishing to about 4 meters near the land pier. Palu thinks that further deepening may be considered for the future. An operating management team for the South

Port has been found by the Port of Tallinn and, for the time being, the port is engaged in the transport of gravel.

The 6-meter deep North Port of Paldiski will reportedly be leased out by the Ministry of Defense but, so far, results of the bidding have not been made available yet. The port will be leased out for three years, while the leasing party is not restricted to operating a military port (access needs to be available, however, for defense and border guard vessels).

#### Development of Small Ports Continues

Out of the small ports, planning calls for fixing up the Triigi, Orissaare, and Kõiguste ports. Last year, Port of Tallinn made direct outlays amounting to roughly 53 million kroons for the development of small ports.

"Port of Tallinn considers it expedient to finish construction on the small ports before they are turned over to municipal ownership," Palu said. "In small ports that are fixed up properly, we do not see competition but rather distribution of labor, since the latter complement the work of the big ports."

Palu also expressed hope that some organizations making use of small ports will emerge in the near future, since the state is not behaving reasonably with its ports right now. "The state does not yet have an overview of its ports, also the rules of the game have not yet been put in place, so as to rule out the existence of numerous pirate ports, harmful to the state," Palu said.

#### Foreign Investment Agency Proposed

944K0902A Tallinn PAEVALEHT in Estonian  
16 Feb 94 p 5 (Business Supplement)

[Article by Argo Ideon: "Foreign Investor's Road to Estonia Must Be Made Smoother"]

[Text]

Based on data from the economic ministry, the total of foreign capital invested in Estonia during 1993 was 906,966,000 kroons. Is that little or is that a lot? More, in proportion, than some of our other Eastern European neighbors who did not put their best foot forward, but certainly less than expected. To support the effort of bringing foreign investors to Estonia, the creation of a Foreign Investment Agency [Välisinvesteeringute Agentuur] is currently being contemplated that would report administratively to the Ministry of Economics.

Riho Rasman, counsel to the economic ministry, told PAEVALEHT that the agency to be created is planning to support investments in two ways. On one hand, an investor arriving in the Republic of Estonia knows that the Foreign Investment Agency can provide him with information about investment opportunities at all times—from general legislation up to specific projects. For business partners, he will be offered a choice of either state or private enterprises. On the other hand, the Foreign Investment Agency should develop into an organization that helps Estonian investors go outside the state and to consult them.

Riho Rasman said that there has been talk of such an agency for at least a year-and-a-half now, its formation had also been discussed in connection with creating the Privatization

Agency. The need for a structure that would promote all of Estonia as a favorable place to invest has been felt all along. By now, the idea is so ripe that both money and the people to bring it about have been found. The agency will be starting its operations as soon as possible.

#### Last Year, Most Investments Were Made in Industry

This is where foreign entrepreneurs invested roughly 409.5 million kroons, or 45 percent of the investment total. Of the total capital outlay, 26 percent went into wholesale and retail, 8 percent into insurance and finance, and 7 percent into real estate. These were followed by 6 percent for transport and communications, 3 percent for agriculture, and 2 percent for hotels and restaurants. Foreign investment capital placed in the rest of the business sectors last year amounted to 14,886,000 kroons, which is also roughly 2 percent of the investment total. Following the structure of investments by different sectors of the economy, one is struck by the growing significance of sales activity, which seems to go naturally with the present state of Estonia's economy.

#### Closer Neighbors Have Been More Active

Data from the economic ministry shows that most of last year's foreign investments—31 percent of the total—came to Estonia from Sweden. Next was Finland with 22 percent. It is interesting to note that the United States from across the ocean came in third with 16 percent, and placing fourth with 6 percent was Russia, whose secret invasion of state capital into Estonia has been a subject of serious discussions lately.

Further down the list of last year's bigger investors in Estonia is Germany with 4 percent, Italy with 3 percent, and Great Britain with 2 percent. The portion of investments from all other countries made up 16 percent of the total.

#### Why Invest In Estonia?

The economic ministry introduces Estonia to foreign investors as a state with a relatively stable political situation. Besides, Estonia could also be presented as a traditional industrial country, where a high educational level is coupled with European culture. It has also become customary to point out Estonia's location on the map, and tell the investors about the opportunities afforded by Estonia's favorable position between the East and the West.

A stable monetary unit, quality work force, low wages, permissibility of taking out profits, and the opportunity to own land in Estonia, should seem like positive features in the eyes of foreign entrepreneurs and financial people. The main features of economic policy being carried out by Estonia's current government: Restructuring, geared to joining the European Union, economic integration of the Baltic states, planned free trade agreements with Russia and other CIS states, giving up protectionism, accelerating privatization and ownership reform, free trade zones (in Paldiski, for example). Securing competition in banking, and a balanced state budget should also create interest in foreign investors. A different matter is, of course, how well we succeed in implementing the professed policies. Even the Foreign Investment Agency about to be created, cannot offer anybody an Estonia that is better than it actually looks.



## LATVIA

**Statistics Committee Releases Data on Foreign Trade**

944K0849B Riga DIENAS BIZNESS in Latvian  
21 Feb 94 p 19

[Article by Statistics Committee of Republic of Latvia: "Statistics Committee Releases Data on Foreign Trade"]

[Text] In 1993 the foreign trade turnover of the Republic of Latvia reached 1,349 million Ls. This foreign trade turnover figure is based on information from bills of lading that the State Statistics Committee receives from the Customs Bureau. This foreign trade figure also includes supplies delivered to the Russian armed forces on the territory on Latvia, trade transactions conducted on Latvian fishing vessels outside of the territory of Latvia, import and export of natural gas and electrical power, as well as adjustments to the figures for imports of fuels. Additionally, Latvia received about 11,696,000 Ls of humanitarian aid and sent about 618,000 Ls.

It must be noted that in 1993 Latvia's balance of foreign trade was negative—Latvian exports were 52,781 thousand Ls, but imports were 52,921 Ls. This is primarily the result of a significant reduction in the export of refined petroleum products from Latvia.

Analysis of the scope of Latvia's product imports shows that the most important trading partner for Latvia was Russia. Last year Latvia's imports from Russia were 181.9 million Ls or 28.5% (of total imports). Latvia also had significant imports from Germany—63.7 million Ls or 10%, Lithuania—61.2 million Ls, or 9.6%, Sweden—33.8 million Ls, or 5.4%, Finland—26.9 million Ls, or 4.2%, Belarusia—26.5 million Ls, or 4.1%, Estonia—25.2 million Ls or 3.9%.

Review of 1993 Product Exports, broken down by country, reveals, that Russia was Latvia's largest export partner to which were exported products valued at 200.1 million Ls, Netherlands—55.1 million Ls or 8.2%, Germany—44.5 million Ls or 6.6%, Sweden—43.8 million Ls or 6.5%, Ukraina—40.1 million Ls or 5.9%, Belarusia—34.4 million Ls or 5.1%.

Energy and fuels were the most important export at 45.3% of total imports. In 1993 diesel fuel comprised 12.8% of all

imports, gasoline—8.7%, heavy fuel oil—7.8%, natural gas—8.1%, and electrical power—3.7%.

We must note that 98% of energy and fuel imports (including corrections to fuel oil data) were imported from republics of the former Soviet Union territory (including Estonia and Lithuania.)

After energy imports the most important categories of imports are land transportation vehicles (excluding rail)—8.9%, mechanical equipment—7%, electrical machinery and equipment—2.9%. Transportation vehicles were primarily imported from Germany—27.4% (of total vehicle imports), Russia—20.2%. Mechanical equipment was imported from Germany—23.5% and Russia—15.8%. Electrical machinery and equipment imported from Russia—23.5% and from Finland—14.2%.

The structure of Latvia's exports demonstrates that the bulk of Latvia's exports are the result of transit trade. For example, fuel oil and refined petroleum products exports totaled 13.9% in 1993, including diesel fuel 8.4% and jet fuel 2.1%, heavy fuel oil 1.3%. The bulk of this product was shipped to Netherlands—48% and Sweden—17.4%.

In 1993 this category saw a dramatic reduction as a percentage of total exports. By the third quarter of 1993 petroleum fuels were 6.9% of total exports and by the fourth quarter this percentage had dropped to only 1.7%.

Wood and wood products exports make up a significant share of Latvian exports—8.8%. Other significant exports—wrought iron—7.7%, autobusses—5.3%, electrical machinery and equipment—4.8%, milk and milk products—3.1%, furniture—3.0%; wood and wood products were primarily exported to Great Britain—31.6% of total wood exports, Sweden—21.1%, Finland—13.1%; wrought iron exports were structured as follows: Thailand—23.6%, China—13.5%, Poland 11.1%; electrical machinery and equipment—Russia—60.5%; milk and milk products—Azerbaijan—32.1%, Russia—18.7%, Turkmenia—16.9%; furniture—Russia—42.9%, Germany—19.7%.

It is noteworthy that natural gas made up 28.5% of all imports from Russia but electrical power was 53% of imports from Estonia. All of the natural gas and electrical power exported from Latvia to Russia reflect energy supplied to the Russian military forces in Latvia.



Foreign Trade Balance by Country Group (Thousands of Ls F.O.B. Prices)

	Exports		Imports		Balance (+/-)	
	1993	Dec	1993	Dec	1993	Dec
Total	701,601	52,781	647,469	52,921	+54,132	-140
No reexport or reimport	675,611	50,505	639,247	52,369	+36,364	-1,864
Share of European Union	166,399	8,704	110,687	10,630	+55,712	-1,926
EFTA	63,803	3,211	69,309	7,201	-5,506	-3,990
CIS	321,590	28,718	244,380	23,521	+77,210	+5,197
Other European	73,654	6,579	99,446	9,184	-25,792	-2,605
Non-European Industrialized	9,673	611	11,696	904	-2023	-293
Other countries	40,492	2,682	12,485	929	+28,007	+1,753
Mineral fuels correction*	-	-	91,244	x	-91,244	x
Not allocated by country	25,990	2,276	8,222	552	+17,767	+1,724

\*Not allocated by country

Structure of Latvian Foreign Trade for Significant Groups of Products in 1993 by %

Product Group	Exports	Imports
Total	100	100
By product group		
Refined petroleum products (fuel)	12.8	31.2
Electrical power	0.7	3.7
Natural gas	0.3	8.1
Food products	14.6	6.1
Textiles and textile products	12.7	4.6
Road transportation vehicles (excluding rail)	10.5	8.9
Wood and wood products	8.8	0.3
Wrought iron	7.7	3.3
Colored metals	0.5	0.8
Mechanical equipment	2.4	7.0
Electrical machinery and equipment	4.8	2.9

### Minister Discusses Increased Export of Wood Products

944K0847A Riga NEATKARIGA CINA in Latvian  
15 Feb 94 p 3

[Article by Dainis Lemeshonoks: "Green Gold Fills the Purse"]

[Text] Latvian wood products exports doubled in 1993 over 1992 levels. 1994 exports should also increase over 1993 levels. This is viewed as quite attainable by State Minister of Forests Kazimir Shlakota, which will retain its prior designation as Ministry of Forests through 1994, despite the fact that the agency is now subordinate to the Ministry of Agriculture.

The mix of exports is also improving. The log sell-off craze has ended. But there is little to grieve over what has passed. If at one time we had not exported unprocessed logs and pulpwood, where would the funds have come from to acquire equipment for cutting timber and for sawing lumber? Now we can cut and sell boards.

- Now we are preparing for the next stage. A plywood enterprise is already in production in Riga. That yields \$600 per cubic meter. Sawn lumber is about 110-115 dollars per cubic meter. In the ramp up period, while local workers learn how to prepare and select wood for the plant, local wood will comprise only 20% of the production while the balance will be imported from Germany and Finland. By next year Latvian wood will make up 50% of production and the following year this will jump to 75%.

Four firms will begin production in Latvia this year that make wood panels for furniture making from wood slats. This will create new opportunities for furniture manufacturing. Already Latvian furniture makers are working and exporting to the West. We must, however, meet local demand for furniture where last year over five million worth of furniture was imported into Latvia from Germany and Finland, even where our own products are superior. A German child's bed costs 320 Ls. One just like it that is produced in Latvia costs 120 Ls (and these are exported to

Germany!). It appears that our people are ready to pay 200 Ls for the label Made in Germany.

The most important problems—to clarify available raw resources and production capacity, which is now sufficiently available that we are running out of resources. That is an energy problem, because there is a massive effort to convert furnaces to burn wood and wood chips. But will there be wood to burn?

The second problem—restart the paper industry. At this point only the Ligatne factory is in production. Two paper-making machines need to be started in Sloka. Paper carton production also needs to be started in Ranka. Russian paper has become cheap. Even the expensive Finish paper has become advantageous due to its quality. This is why the Latvian producer has to drop his price (reprocessing newsprint, reducing irrational energy consumption, using production waste for fuel) and improve his quality.

Changes in Latvia's forestry—due to the privatization of wood processing enterprises and to reallocation of governmental functions—was begun a bit too early by our Ministry, if we take into account the overall status of the country. We hoped that privatization would be implemented quickly—in reality, in three years virtually nothing has happened in the enterprises. At the same time these enterprises have been robbed to nothingness. We also expected that the divisions between national, local government and private forests would have been rapidly and clearly established.

It is finally becoming easier. Most importantly, we have let energetic people operate in the forests. We established very low fees to be paid to the State treasury to permit farmers and small enterprises to start felling logs and making money with little up-front cost. This, however, was done at the expense of forest management—less money to pay forester wages.

Latvians are slow by temperament. This is why for a time it seemed that little was happening in this field. Movement began in earnest, however, last year when over a thousand private sawmills, carpentry shops and furniture factories began production. Each gave work to from five to even a hundred employees. In a year's time these enterprises got on their feet with virtually no financial investment. But the real flowering of the wood-processing industry lies ahead. The export of sawn lumber has grown six-fold. This has been done by the small, rural sawmills. The large mills have little to offer, because they have problems with production quality. These are no longer the times when we can produce crooked flooring where a cat can fall through the cracks! Bit by bit local demand is also picking up in construction.

At this time our exports are hitting the limits of our forest resources. There are no more logs in Latvia. We must begin to think about importing wood for processing in Latvia. This is now beginning. This year wood will be imported from Finland (processing is cheaper here) as well as from Lithuania and Russia where wood processing firms have not thrived because there the State attempted to hold on to the wood processing industry. The Estonian wood processing industry was immediately converted to the free market, but

we attempted to regulate the conditions when these became critical and forest products workers wages became unacceptable. We then lowered duties and tariffs to assure a stable 30-40% profitability. This is why wood processing is the only industrial sector in Latvia that can develop on the basis of its own resources. Farmers at this time do not have other comparably secure sources of profits, which can also be used for other farming needs.

—But how does this development affect the forest itself? Is there a basis for concerns about the rapid cutting of our forests?

—I believe that our explanations have helped, because now people are less upset.

At this time we can process about 6.5 million cubic meters of wood per annum. Last year, we processed only 4.7 million, but 1.8 million cubic meters remained in the field. 400,000 cubic meters were not processed by state enterprises in their prolonged prebankruptcy condition. At the same time, 1.4 million cubic meters were not logged in the former kolkhoz forests, which are being converted to private ownership, because the conversion is far too slow. There are too few specialists who can determine borders and resolve disputes among heirs. These disputes are becoming stronger by the day as it becomes clear that the forest represents real wealth.

The pre-war Forestry Department managed 1,270,000 hectares of forest. We can hope that we will regain control of 1,200,000 hectares losing 70,000 to road-building and to private farmers. About 1,300,000 hectares should be transferred to private ownership and about 100,000 to local governments.

What will happen with the State's share? We want to straighten the borders, and sell small holdings in turn purchasing forest land adjoining larger forests. In any case, I do not desire to sell-off the nation's forests. First, until 1996 forest property in Latvia will be very cheap. This is because many owners who have reclaimed their land don't have a clear idea what to do with it, and are selling it off. This drives down the price. Secondly, the government can gain greater value from the forest through careful management instead of selling it. Why should you take a hen to market, if you can make good money by selling its eggs? (I hope that private owners understand this and that by 1996 that the forest selling boom comes to an end.)

The capabilities of the national forest management system are demonstrated by the stable growth of exports. (We do not do any logging. This is done by private loggers who pay the government a stump fee. It is however, possible, in time that we will be able to lease a parcel including a brigade of loggers.) Third, the national forests must remain as a place where people can pick berries and mushrooms and rest. It will become more difficult to do this in a private forest. Forest preserves and reservations can be formed in the expanse of the national forests.

—How have new private owners of forests responded to the strict government guidelines for forest management and use (which came into force on January 31). It is no secret

that many of these people have the attitude, "This forest belongs to me and I can do with it what I want!"

—Private owners can only use their forest resources if they have a project that has been developed with the forest developer and the State forester. The owner who does not have a project must receive written permission from the forester with each use.

At this time the reaction of the owners is negative. They feel that they will know best what to do. This is why we try to explain that this policy serves their own interests. Why should you log your birch now if you will barely get 100 Ls? Why not wait a decade when you will get 4,000 Ls from each hectare?

If you must log now, then the next time when you will be able to earn 4,000 Ls from your birch will be 50-60 years from now. But it is hard to explain to a beggar, who needs those 1000 Ls today.

A person, who wants to be a real proprietor, must know what he can extract from his property. This is why it is important to establish a project, a 15 year plan, how to maximize the yield from the forest resource.

Most new forest owners are people with no experience with very poor prior knowledge. It is no accident to see forests where the owners have mowed down the trees completely—as if they were in the land of their enemy and not their own. And then their is the share that belongs to the heirs reclaiming their land who are bent on selling it immediately at all costs, because they do not have an idea what to do with it. This is why we are pushing the passage of this law to explain to these new owners what wealth a real proprietor can get from his forest.

This is why I urge those who are repossessing their forests to read the specialty magazine *Forest Life!* At the Ogre Forest Technicum, a new organization is being formed called the Association of Forest Users which is already operational in four regions. This organization has begun training, specialists are going to the countryside to give lectures and to provide explanations.

Forest owners will have to adjust to the fact that forests will be managed only by those who have the necessary knowledge. If they won't have this knowledge themselves, then they will have to hire specialists who have the knowledge. Anybody can buy a car who has the money, but only those can drive who have a driver's license in their pocket. A forest is a far more complicated affair, than driving a car, believe me!

#### Demographic Situation of Ethnic Latvians Detailed 944K0852A Riga LAUKU AVIZE in Latvian 11 Feb 94 p 7

[Article by K. Briviba: "Demographic Situation of Ethnic Latvians Detailed"]

[Text] The Latvian nation experienced a very heavy shock in the sixteenth and seventeenth century when war and the Black plague ravaged the land. The Kurlandish writer Jekabs Jansevskis described this era in his book *Mezvidus laudis* (People of the Forest) as follows: "The bright side of

this plague is that it quickly eliminates the aristocracy, the monks, the church leaders and all of the collectors of tithes and tribute. The tragedy is that the plague does not spare our kind of people who also die in entire regions."

The historian Edgar Dunsdorfs estimates that half of the population of Latvia perished at this time. The greatest losses were suffered by the Kurzeme and Vidzeme regions with lesser losses to the inhabitants of Latgale.

Later, in the 18th century, the people of Latvia also lived under conditions similarly stressful to the 16th and 17th, but at this time they had large families with as many as ten or more children. As a result, after the years of ruin Latvia experienced an explosive growth in population. For example, at the beginning of the 18th century Latvia's population was about 465,000 but at the end of the century it had already reached 873,000. Therefor, the population nearly doubled during the following 90 years. Information about the ethnic composition of the population is shown in Table 1.

**Table 1. Ethnic Composition of Latvia's Population at the End of the 18th Century (in thousands)**

Ethnic Group	Population in thousands as a %	
Latvians	784	89.8
Germans	57	6.5
Jews	10	1.1
Poles	7	0.8
Russians	5	0.6
Livs	3	0.3
Vots	3	0.3
Lithuanians	3	0.3
Estonians	1	0.1
Total	873	100.0

E. Dunsdorfs indicates that this figure (873 thousand) does not include the Russian army and that the number of Latvians includes only those in the territory of Latvia.

Table 1 shows that the Latvian comprise a high percentage of the total population—89.8 percent. This means that the immigration from neighboring countries was negligible and that the rapid increase of the population resulted from the high birth rate and natural population growth.

Naturally, 18th century Latvians did not have demographers or other specialists, who were concerned with and encouraged the renewal of the living force of the nation. It is also unlikely that at that time that heightened national consciousness would have motivated larger families to leave less room for foreigners to settle in the homeland of the Latvian people.

In our era, when it is known that families with only one child, or none, dominate, and that the once strong and healthy Latvian nation is dying out in its own country, during a time of peace (see Table 3) it is useful to reflect on and learn from the objective conditions that stimulated the higher birthrate.



First, families and high birthrates received moral support, because the manor lords were interested that they had a pool of familiar, Latvian workers instead of having to hire unknown strangers. For example, the court of the Duke of Kurland issued regulations that peasants are to be encouraged to marry and that these marriages are to be facilitated in every way possible. This regulation also says that mothers of children born out of wedlock are to be punished only lightly and that they cannot be shamed with punishment meted out by the church. It is also, however, stated that older wives of farmers and servants are to watch over young girls. Historical data shows that some manors ordered bachelors to find brides even in other regions. The Russian government of the 18th century showed little interest in the inhabitants of Latvia, however, they did issue a decree, that the inhabitants cannot be restrained from marriage.

Second, at that time families were also supported by economic means. The historical record shows that manor lords in Vidzeme paid premiums to the newly married and their children. Also the manors permitted proper families with children to purchase their own homes, but gave the most difficult and unpleasant jobs to the unwed without children. The difficult conditions of the time also motivated the peasants to have more children, because large families made it easier to complete the work demanded by the manor as well as the tasks for one's own farmstead.

Third, we can mention another significant factor contributing to the high birthrate which is that at that time modern methods of birth control were unknown. It is noteworthy that at this time that the registered number of abortions significantly exceeds the number of live births. As an example, in 1990 there were 37,900 births and 45,100 abortions. This condition persists to this day. At the same time, we are first in the world with our divorce rate, because nearly every other marriage ends up in divorce.

The next destructive shock that Latvians experienced was the first World War. The War, the fleeing of refugees and the fight for independence resulted in a loss of more than 700,000 inhabitants. The psyche of the people, however, was not traumatized. By 1935, when the Latvian government began to be concerned with the demographic state of the country, Latvia's birthrate began to recover. In the inter war period one could encounter not a small number of large families (ref. to the picture of President Cakste's large family [photo not reproduced])—among farmers, workers and intellectuals.

It must also be noted that at this time that there were few abortions and divorces. For example, in 1937 statistics show 1,300 divorces and 4,100 registered abortions or about one tenth the current number of abortions and one eighth the number of abortions.

Following 20 years of peaceful development terrible destruction was wreaked by World War II when Latvia lost more than half a million inhabitants. As a result of both world wars Latvia lost more than 1.2 million inhabitants as a direct result of the wars, through migration of refugees, losses in the fight for independence, and deportations. No European smaller country has experienced a comparable loss. This left a negative impact on the psyche of the nation,

but still did not destroy the will of the country and following the war the birthrate grew at a satisfactory rate which is evidenced by Table 2.

**Table 2. Births, Deaths, and Natural Population Growth in Latvia per 1,000 Inhabitants**

Year	Births	Deaths	Natural Growth
1939	18.5	13.9	4.6
1950	17.0	12.4	4.6
1970	14.5	11.2	3.3
1980	14.0	12.7	1.3
1990	14.1	13.0	1.1
1991	12.9	13.0	-0.1

Table 2 shows that births and natural population growth fell rapidly in the Postwar period, and that starting in 1991, until the current moment, growth has been negative, that is more inhabitants are dying than are being born.

Latvia's native people are in a particularly critical situation, because beginning with 1991 they are on the gloomy path of national extinction (see Table 3).

**Table 3. Latvian Ethnic Population Growth**

Year	Natural Growth (Number of People)
1990	+1546
1991	-310
1992	-584

Statistical information also shows, that during the past 45 years that the number of immigrants has exceeded the number of emigrants by 470,000. Since the immigrants tend to be younger people, then in Riga's public schools in 1992/3 there were 63,800 students studying in Russian and only 30,900 studying in Latvian. In this same period (in the beginning of 1993) there were 138 pre-schools for Russian speakers and 60 for Latvian speakers.

According to information of the State Statistical Committee (Table 4), Latvians are an ethnic minority in the largest cities of Latvia.

**Table 4. Ethnic Latvians as a Percentage of the Population in the Largest Cities in Latvia.**

City	Percentage of Ethnic Latvians
Daugavpils	13.2
Riga	36.7
Rezekne	37.6
Liepaja	39.1
Ventspils	42.6
Jurmala	44.1
Jekabpils	48.5
Jelgava	49.4



In this Year of the Family, the association For Country and Freedom, the Latvian Militia (*strelnieku*) Association, the Christian Democratic Union, the Latvian Association, and the citizens group "Our Land" have agreed, without hesitation, to take a stand against the extinction of the Latvian people. To halt this process the Latvian People's Self-help Foundation is being established to stimulate broad and far reaching measures throughout the territory of Latvia. This is a not-for-profit, public welfare foundation whose mission is fight for the ethnic survival of the Latvian people. First, the Foundation, based on experience from prior years, is to provide moral support to families and to encourage young people to marry and to establish stable families. It is proposed to involve existing social welfare and women's organizations, medical workers, and other social organizations and representatives of the intelligencia, especially of pensioners. It is also proposed to invite established religious organizations to participate in this important undertaking. The Foundation is expecting to wage an unwavering battle against alcoholism, smoking, drug addiction and other immoral behavior.

Secondly, families, particularly those with more children, need material support. In Western countries, as we know, this is seen as a social norm. We can only hope that this will also happen in our country. The Foundation is also expected to provide support to those who are experiencing economic difficulties. It is expected that the Foundation will seek donations of money, clothes, shoes, and food.

Thirdly, artificial birth control, primarily abortions, are a complex and difficult to solve problems under present circumstances, but we expect to work in this direction as well. I must mention that in 1991, when the Council of Ministers was still in power, that I submitted a proposal to at least establish a price limit for abortion operations, to which I received only a form letter as a response.

During my lectures at the Latvian World Science Congress I touched on the abortion problem. Foreign scientists were surprised at the large number of abortions. After my lecture we discussed this problem with a consensus that without government support it will be very difficult to achieve visible results.

The Latvian People's Self-help Foundation's primary mission is to wage an energetic fight, using all legitimate means, to increase the natural growth rate of the population, and to provide the family, as the primary institution of society, with material support. I invite other social and political organizations, as well as individuals, to participate in the formation of the Latvian People's Self-help Foundation.

#### **Finance Ministry Takes Measures on Budget Deficit**

944K0849A Riga DIENAS BIZNESS in Latvian  
9 Feb 94 p 2

[Article by Olafs Zvejnieks and Maris Kirsons: "Finance Ministry Anticipates Instituting Cost Cutting Measures"]

[Text] The Finance Ministry is anticipating a cost-cutting regime since government expenditures exceeded receipts by 8 million Ls already in January, 1994.

Janis Platais, Finance Ministry Secretary for the Budget, announced in a press conference that the government will be unable to finance investment projects in the winter period which will be delayed to a later period. Similarly, steps are being taken to limit specific expenditures by government agencies. These include the acquisition of equipment and major repairs, if there is no extraordinary need at this time. The Budget Secretary also indicated that social welfare payments to families with children are also under review with the expectation that such payments will in the future be limited to deprived classes only.

#### **Financial Stability for Local Government**

J. Platais indicated that the Budget is very tight due to the social needs and necessary financing required of government organizations. The Budget authorizes receipts of 556.7 Ls and expenditures of 593.4 million Ls. Each month the Budget must receive 46.4 million Ls. The Government views that the work payment system will have to be reformed for the so-called force structures: police, army, militia and security forces. The Government is also reviewing, jointly with the trade unions, the potential to increase the minimum wage to 25 or perhaps 28 Ls per month. Also under review is the possibility of enabling savings made by government agencies against budget authorizations to be spent in the following year.

Uldis Osis, Finance Minister, announced that the Ministry is actively working on legislative proposals in the following areas: the Budget, the management of government finances, regulation of State and Local government relations to ensure necessary financial stability and oversight several years in the future. Already starting with this year macroeconomic forecast and clearly defined budgetary objectives were taken into account to develop the overall contours of the budget for the next 3-4 years. Uldis Osis characterized this whole process as a "radical reform of the budgeting system."

#### **Last Year's Deficit—2 Million Ls**

According to the Finance Ministry information provided by J. Platais, the actual budget deficit of about 2 million Ls was less than the forecast budget deficit of 30.2 million Ls. It will be possible to tell the precise State budget deficit by the end of February based upon more precise figures for receipts and disbursements. According to the operating information government receipts last year were approximately 410,354 Ls and disbursements were approximately 412.5 million Ls.

#### **Social Welfare Taxes Were the Largest Category of Receipts**

The largest category of receipts in the previous year were from social welfare taxes—about 144 million Lats, although less was received than earlier forecast. Income taxes also made a significant contribution to government receipts accounting for about 87 million Ls. The value-added tax was also a significant factor. Income tax receipts exceeded the forecast amount by 11%. Although the budget deficit was reduced from the forecast level of 30.2 million Ls to about 2 million Ls by reducing expenditures from the plan, but also by less internal government borrowing and by

repayment of loans, and also by the formation of the Department of Revenue which has helped to increase tax and fee receipts.

## LITHUANIA

### Lithuania's Growing Narcotics Business Detailed

94WD0289A Vilnius GIMTASIS KRASTAS in Lithuanian No 6, 10-17 Feb 94 p 11

[Article under the rubric "Crimes and Punishments" by Juozas Aras: "Narcobusiness Spreading in a Menacing Fashion"]

[Text] A few years ago, I had occasion to drive with officials of what was then the militia to "apprehend" a little old lady, who, with poppy capsules clutched to her bosom, was waiting near the Virsuliskes shopping center for "some man in a black overcoat" to show up. After she was taken to the militia station, the old woman moaned: "Let me go, I knew Snieckus himself: I was in the underground with him..."

Later I got to drive through the streets of nighttime Vilnius in an ambulance transporting a young man crazed by narcotics to the hospital, who kept yelling the whole time: "My head! Give me back my head!"...

It is difficult to say, even using the terminology of that other time, to what extent these events represented a "mass phenomenon" or, on the other hand, "isolated instances." When the staffers of the current Interior Ministry counternarcotics section visited their colleagues in Denmark, the Danes noted almost in jest: "You don't see the problems until you begin working at this."

Statistics show that the Danes are correct. 1990 was the year in which the fewest narcotics-related crimes were committed—in that year, a reorganization of the Interior Ministry system was taking place, and the police were pulled away from their actual duties to meetings and other events. In the following year, a special counternarcotics group was established in the criminal police, and individual agencies and customhouses began to work more consistently. And in 1993, 302 narcotics-related crimes were recorded, which represented a 26 percent increase over 1992. This number, however, is not the limit: to get a true picture, we would have to multiply it by 10.

The charted curve of these crimes is increasing not only in length, but also in breadth, and the geographical area they affect is expanding as well. Every third crime recorded in Lithuania is committed in Vilnius. However, crimes are committed in the other large cities as well—Kaunas, Klaipeda, Panevezys, Siauliai, Visaginas, and Druskininkai. Of late, some new trends are becoming apparent: narcotics-related crimes are also moving into rural districts such as Anyksčiai, Kupiskis, Pasvalys. Border districts are not spared either.

Every tenth organized crime group is involved in narcobusiness, and quite a few group members, even some of their leaders, "are on the needle." A certain category of criminal is starting to appear: the narcotics transport courier. Despite all this, narcobusiness can still not claim the same degree of

organization as prostitution, which has existed here under all governments. According to one Interior Ministry official, who wished to remain anonymous, narcobusiness is still a new phenomenon in Lithuania. A couple of years ago we were afraid that we might become the bridge for narcotics between the West and the East. It looks like this has not occurred, but the situation is changing in menacing fashion.

The route through the Balkans is already uncomfortable—the war going on there creates supplementary worries for the narcotics transporters. This is why it is thought that the new route might go through the Baltic countries. The aforementioned official characterized the situation in this way: there are no concrete facts, but there have already been some signals. For the time being, events are concentrated along the border with Latvia, Kaliningrad, and Belarus. Narcotics transit Lithuania on the "Moscow-Kaliningrad" train. Lithuanian poppies, the primary narcotic, are transported not only to Latvia, Estonia, Saint Petersburg, and Moscow, but have also already reached Sweden. The largest quantity of narcotics encountered last year by our criminalists consisted of bags containing 60 kilograms of poppy capsules. We are now talking in terms of tens of kilograms, even though one kilogram of narcotics is already considered to be a large quantity. Cases involving quantities of up to 10 grams of narcotics are subject to the provisions of the administrative code, with quantities in excess of 10 grams falling under the criminal code.

A new narcotic appeared in circulation recently, when traces were found in one addict's syringe. And incidentally, statistics tell us a few things about the addicts themselves. 42 percent are 30-49 years of age, 30 percent are 25-29, and 25 percent are 18-24. 72 percent of addicts do not work anywhere. Keeping in mind that this is an expensive amusement, the majority of addicts encounters serious difficulties, because a jar of poppy capsules costs 25 litas at the market, and the total outlay approaches 50 litas when the cost of acquiring the most essential supplemental chemicals is included. And that is just for one day. So the knowledge of life indicates that narcotics are the cause of many a crime (thefts, robberies, even murders), and there are now few days without them.

To tell the truth, it would be quite strange if the situation were any different, because one could say that the laws tolerate everything: from growing narcotic substances to using them. Article 107.2 of the "Administrative Code" provides for a penalty of from 50 cents to 1 litas for the planting and growing of narcotic substances, and article 44 provides for a penalty of up to 1 litas or correctional labor—which is not used by anyone as a punishment—for illegal acquisition and possession of small quantities of narcotics, or their use. So maybe one politician of the not so distant past was correct when he said that only an utter fool cannot earn money in these times.

Although the time for sowing of poppies and hemp is still far off, advance contracts are possibly already being made with farm inhabitants: I'll give you 8,000 litas now, and you will give me a field of 10 ares planted with poppies later. Such fields cannot be seen in the summer even when you drive by, because they are either hidden by bushes or by grain planted

along the edges of the plot. There are fields of poppies which are specifically guarded. This is not new, but rather an element of a classic structure. Unfortunately, the police are powerless, because they are not authorized to write up an administrative report. Only agricultural workers can do that, but of course thus far not a single one of them has done so.

We do not believe that such laws are being drawn up maliciously. The men in the government lack foresight. People are simply living for the day. In this case, however, society's view is not correct either. Poppies are certainly more dangerous than, let us say, marijuana, because opium-based narcotics are used intravenously—and this is a real way in which AIDS is spread.

For many, poppies are just blossoms. What are we going to do when the fruit suddenly appears as well?

### REGIONAL AFFAIRS

#### Swedish Book Sets Baltics' Occupation Scenario

944K0825 Helsinki SUOMEN KUVALEHTI in Finnish  
11 Feb 94 p 9

[Article by Jukka Knuuti, Ministry of Defense special advisor: "Is a Russian Attack Possible?"]

[Text] The Swede writing under the pseudonym Harry Winter has written a scenario on how Russia will occupy the Baltic countries"

Vladimir Zhirinovskiy's victory in the Russian parliamentary elections were greeted in the Baltic newspapers with headlines including: "What Was Feared Has Happened." A party with significant strength that demands the return of the Baltic area to the "empire" is not really desired in the Baltic countries.

In Estonia, Latvia, and Lithuania people know all too well that among leading circles in Russia there are those for whom it is difficult to approve of the independence of the three republics. After all, they were a part of Russia since the Great Northern War at the beginning of the 1700's with the exception of a short period of independence between the World Wars.

Indignation and concern were aroused last summer by the staff exercise carried out by the Russian Northwest Group of Forces, the former Baltic Military District, having the theme of a renewed occupation of Estonia, Latvia, and Lithuania. This provocative exercise is a subplot like the repeatedly alleged submarine violations of Swedish territorial waters, in the new Swedish book by Harry Winter, *Operation Narva*, which portrays an attempt to seize the Baltic countries back for Russia.

The secret project is organized behind the back of the political leadership by the KGB of the former Soviet Union, now the Security Ministry (which Yeltsin ordered reorganized last Christmas) and its foreign intelligence wing, which is subordinated directly to the president (and whose head, Yevgeniy Primakov, warned in November that any decision by NATO to accept the countries of East Europe as members would lead to countermeasures by Moscow) and the military intelligence organization GRU.

In the book the provocation bringing Russian armed forces back into the Baltic countries is planned through having KGB agents disguised as local ultrapatriotic groups undertake terrorism against the Russian minority living in those countries, which would give the Russian armed forces a reason to go to the aid of their countrymen.

The Swedes are tied in through the fact that the KGB organized a wave of robberies of the weapons depots of the Swedish defense forces and the evidence was supposed to point to the oppressors of the Russian minority in Estonia and Latvia. The weapon thefts were successful, but the conspiracy in the Baltic countries failed, and the former KGB and GRU plotters were imprisoned.

#### A Prophecy?

Has Winter written a prophecy, the basis for which is found not only in Zhirinovskiy's election victory but also in the new Russian military doctrine that was approved at the beginning of last November? In it the infringement of the legitimate interests of citizens of the Russian Federation in other countries is regarded as a military danger. At the same time it considers it possible to maintain troops outside its borders if the interests of the Russian Federation so demand. Harry Winter's tale is not necessarily credible, but it is interesting in combining a lot of facts with the fiction.

The pseudonym Harry Winter, under which the book was written, is well known in Sweden. The three-part novel *Operation Garbo* telling about an attack on Sweden contemplated by the Soviet Union was published in the years 1988-91. The book became a best-seller because the person behind the pseudonym was known to be very knowledgeable about what was said in the book. Harry Winter was said to be a joint pseudonym for retired Colonel Bo Hugemark, the journalist Lars Richardson (now an aide to Prime Minister Carl Bildt), and a researcher who is now working in the Swedish Foreign Ministry, Ingemar Doerfer. *Operation Narva*, however, is primarily Hugemark's handiwork.

The popularity of *Operation Garbo* was increased by the fact that the books are to a certain extent romans a clef. Several of their characters were modeled more or less in the image of actual persons operating in Swedish domestic politics.



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